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**INDEPENDENT MID-TERM EVALUATION  
OF THE  
STRENGTHENING THE SCOPE AND CAPACITIES  
OF THE BETTER FACTORIES CAMBODIA  
PROJECT AND BFC EXPANSION INTO  
FOOTWEAR**

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This report describes in detail the mid-term evaluation that was conducted between September and October 2013 of two projects within the larger Better Factories Cambodia program: “Strengthening the Scope and Capacities of the Better Factories Cambodia” and “Expansion of Better Factories Cambodia.” Michele Gonzalez Arroyo, an independent evaluator, conducted the evaluation in collaboration with the BFC project team and stakeholders and prepared the evaluation report according to the terms specified in her contract with O’Brien and Associates International, Inc. Ms. Gonzalez Arroyo would like to express sincere thanks to all parties involved for their support and valuable contributions.



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## LIST OF ACRONYMS

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AC	Arbitration Council
ACILS	American Center for International Labor Solidarity
BFC	Better Factories Cambodia
BW	Better Work
CLC	Cambodian Labor Federation
CAT	Compliance Assessment Tool
CTA	Chief Technical Advisor
CATU	Cambodian Alliance of Trade Unions
GMAC	Garment Manufacturers' Association in Cambodia
ILAB	Bureau of International Labor Affairs
ILO	International Labor Organization
IMS	Information Management System
MoC	Ministry of Commerce
MOU	Memorandum of Understanding
MoLVT	Ministry of Labor and Vocational Training
NIFTUC	National Independent Federation of Textile Unions of Cambodia
PAC	Project Advisory Committee
PICC	Performance Improvement Consultative Committee
PMP	Project Monitoring Plan
RGC	Royal Government of Cambodia
STAR	Supply Chain Tracking of Assessment and Remediation
TOR	Terms of Reference
TPR	Technical Progress Report
USDOL	United States Department of Labor

## EXECUTIVE SUMMARY

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In December 2011, the U.S. Department of Labor's (USDOL) Bureau of International Labor Affairs (ILAB) awarded the International Labor Organization (ILO) \$660,000 over a two-year period to support the Better Factories Cambodia (BFC) project entitled "Strengthening the Scope and Capacities of Better Factories Cambodia" (Strengthening project). This funding aimed to support BFC during its process of technical alignment with the Better Work Global program, and to strengthen support among project stakeholders for the future sustainability of BFC.

In March 2012 USDOL provided a separate award of \$1 million to the ILO over a three-year period to support the project entitled "Expansion of Better Factories Cambodia" (Expansion project). This project aimed to improve labor compliance in the Cambodian footwear industry. The BFC Strengthening project is scheduled to end in December 2013, while the Expansion project will continue until February 2015.

While there are various special projects that fall under the umbrella of BFC, this mid-term evaluation focused specifically on the progress and achievements of the activities associated with the Strengthening and the Expansion projects. The evaluation methodology sought to identify strengths, and weaknesses of the projects, and recommend corrective actions for activities funded by USDOL. Within this context, the evaluation Terms of Reference (TOR) contained a specific set of questions to guide the evaluation. These questions addressed key issues related to the projects' 1) relevance; 2) progress and effectiveness; 3) performance monitoring; and 4) sustainability. A summary follows of the **findings and conclusions** for these four areas.

### RELEVANCE OF STRENGTHENING PROJECT STRATEGIES

The two strategies used to strengthen tripartite support and buy-in—establishing a formal **MOU** and convening biannual **PAC** meetings—were relevant and effective. While the commitments established under the MOU were honored and the PAC meetings fostered tripartite participation, there is still a need to further strengthen these strategies so that the channels of communication among stakeholders remain open and productive.

Strategies to achieve greater **technical alignment** of the assessment tools used by BFC and BW Global were appropriate, as the process took into consideration the strengths and weaknesses of both programs. This likely will result in the development of a more useful and versatile global assessment tool and information management system.

### RELEVANCE OF EXPANSION PROJECT STRATEGIES

The strategies used to improve labor compliance in the footwear industry involved the development and implementation of an **expansion plan**, which included a feasibility study, pilot program, and outreach component. This resulted in the establishment of a successful model for scaling up services to other sectors. The inclusion of **subcontract factories** within this expansion plan was not realistic, however, due to BFC's limited capacity to 1) assess the rapidly rising number of registered factories, 2) identify the unregistered and often temporary subcontractors, and 3) promote its assessment services among subcontractors without a government or buyer mandate.

The strategies for **enhancing public labor inspection practices**—capacity-building activities that include OSH training and joint factory inspections—have the potential to contribute to improved MoLVT labor inspection practices.

### **STRENGTHENING PROJECT PROGRESS AND EFFECTIVENESS**

BFC has successfully become **an integral part of the export garment industry** in Cambodia, with its mandated assessment services for all registered garment factories. The successful execution of commitments contained in the **current MOU** and the biannual convening of the **Project Advisory Committee (PAC)**, have facilitated this integration. The PAC played a significant role in advising BFC activities and opening up channels of communication among and between tripartite constituents.

BFC's **integration into the local context** also has been successful at the project level due to its ability to attract and build the capacity of a qualified cadre of Cambodian factory advisors. BFC's plan for incorporating a national staff person to the top management position by the end of 2014 also demonstrates commitment to further "localization" efforts. Still, problems persist with regard to identifying and maintaining qualified FAs, and with identifying qualified national candidates who could assume the BFC leadership responsibilities. Given the current fractured tripartite relationships, the political sensitivities regarding public disclosure, and the shortage of qualified national candidates, the timeline for incorporating national leadership might be premature.

BFC has made significant progress in its **alignment efforts** with BW Global by piloting the global assessment tool and information management system during its footwear pilot program. This experience provided BW with feedback on the usefulness and limitations of its global tool. Although the adoption of this tool has been delayed, the outcome may result in the implementation of a more versatile global assessment tool and information management system. The adoption of other BW global processes, such as the two-day factory assessments and the addition of bundled assessment-advisory services, demonstrates further progress in alignment efforts.

BFC has made **significant programmatic improvements** over the past two years resulting in the ability to scale up its services; to re-establish its process of public disclosure; to increase its efficiency with assessments; to increase the accessibility of its website; and to increase its financial viability. At the same time, **BFC's services could be further strengthened** in several key areas including outreach to factory workers, management and buyers; technical capacity building of FA staff; and coordination of joint inspection teams of non-compliant factories.

### **EXPANSION PROJECT PROGRESS AND EFFECTIVENESS**

The **expansion plan** activities, which included a feasibility study, pilot program and outreach efforts, provided an **exemplary approach for scaling up activities** to a different sector. The addition of the "bundled" assessment/advisory services to the footwear industry further strengthened the BFC program's ability to contribute to effective workplace improvements.

With the additional emphasis of occupational safety and health in the footwear industry, BFC's FAs have sufficient training to conduct *assessments* of basic OSH issues. However, the **factory advisors' limited experience and technical training** on these issues have hindered their ability to provide more technical and persuasive *advisories* to factory managers.

As part of the expansion plan activities, BFC has succeeded in **collaborating with MoLVT's DOSH inspectors** on worker outreach efforts and other capacity-building activities specific to footwear factories. The potential and interest exist for **further collaboration with MoLVT's labor inspectorate** through the implementation of joint inspection teams to monitor consistently non-compliant factories.

### PERFORMANCE MONITORING

BFC's **project workplan** has served as its primary **monitoring tool** to track the quantitative progress of its activities. Its design is both practical and useful for measuring project activities and outputs, but it has fallen short in its ability to effectively measure project outcomes. Furthermore, the project workplan does not fulfill the specific monitoring requirements as outlined in the *Management Procedures and Guidelines of USDOL-ILO Cooperative Agreements* (2010). At the same time, the qualitative and quantitative data contained within the various monitoring and reporting tools, including the **Technical Progress Reports** and **project logframes**, have provided additional data for objectively measuring project outputs and outcomes. The myriad monitoring requirements of Better Work Global's numerous donors, presents a **challenge for the development and use of a single comprehensive monitoring tool that is managed by BFC project staff**.

### SUSTAINABILITY

BFC's Viability Plan outlined a comprehensive approach to greater **financial sustainability**, without disruption to current BFC services and capacity-building efforts. While BFC has made significant progress in this area, its future financial sustainability partially depends on GMAC and the RGC supporting their financial commitments in accordance with the proposed growth-based financial model. Other sources of revenue from advisory/bundled services, buyer subscriptions and training are viable and further permit BFC to decrease its dependence on donor funding. Nevertheless, the sustainability of BFC's assessment, advisory and training services may never permit its complete independence from donor funding.

### RECOMMENDATIONS

The following **recommendations** are based upon the findings and conclusions for both the Strengthening and Expansion projects. They are intended primarily to provide the BFC project staff, the BW Global staff, and the donor with key actions to further strengthen project outputs and outcomes. A more detailed description of each recommendation is found in Section V.

- (1) BFC management should **strengthen its outreach and communication to tripartite constituents** and further clarify its public disclosure plan.
- (2) The BFC program should **re-examine its capacity-building strategies and activities** for the MoLVT in order to develop appropriate and meaningful training, and encourage greater dialogue between the two entities.

- (3) The BFC program should **develop a comprehensive outreach program that specifically targets footwear** factory managers, workers, trade unions and buyers in order to increase awareness of labor and OSH issues in footwear factories, and to promote BFC training, assessment and advisory services.
- (4) The BFC program should **establish a mechanism to recruit, train and mentor** an increased number of factory advisors who can meet the demands for assessment and advisory services.
- (5) The BW Global program should **extend its timeline** by at least one year for recruiting and mentoring BFC's national operations manager.
- (6) The BFC program should **strengthen its current monitoring activities** to more effectively monitor project outputs and outcomes, and fulfill the requirements under USDOL's *Management Procedures and Guidelines*.
- (7) The BFC program should **continue with its two-pronged approach** of pursuing both donor and non-donor funding, with the goal of achieving greater financial self-sufficiency while supporting and enhancing its current services.



# I PROJECT DESCRIPTION AND BACKGROUND

## 1.1 PROJECT DESCRIPTION

In December 2011, the U.S. Department of Labor's (USDOL) Bureau of International Labor Affairs (ILAB) awarded the International Labor Organization (ILO) \$660,000 over a two-year period to support the Better Factories Cambodia (BFC) project entitled "Strengthening the Scope and Capacities of Better Factories Cambodia" (Strengthening project). This funding aimed to support BFC during its process of technical alignment with the Better Work Global program, and to strengthen support among project stakeholders for the future sustainability of BFC.

In March 2012 USDOL provided a separate award of \$1 million to the ILO over a three-year period to support the project entitled "Expansion of Better Factories Cambodia" (Expansion project). This project aimed to improve labor compliance in the Cambodian footwear industry. The BFC Strengthening project is scheduled to end in December 2013, while the Expansion project will continue until February 2015.

While there are various special projects that fall under the umbrella of BFC, this mid-term evaluation focused specifically on the progress and achievements of the activities associated with the Strengthening and Expansion projects.

**Strengthening Project:** The Strengthening project had three immediate objectives, two of which were the focus of this evaluation: 1) to develop the strategy for BFC's technical alignment with Better Work, and 2) to build a joint vision for the future of BFC among program partners. Table 1 lists the outputs associated with these immediate objectives, as stated in the Project Document. The Strengthening project's logframe (Annex F) outlines all of the objectives, key outputs and activities associated with the Strengthening project.

**Table 1 – Strengthening Project: Immediate Objectives and Outputs**

<b>Immediate Objective 1:</b> Strategy for BFC's technical alignment with BW program developed.
<b>Outputs</b>
1.1. An internal assessment will be conducted by BW/BFC to identify opportunities and challenges in technical alignment process.
1.2. A review of BFC financial status in the past 4 years will be conducted, a new financial management and business plan developed and new financial management model tested.
1.3. A time bound strategic plan for BFC's technical alignment will be adopted.
<b>Immediate Objective 2:</b> A joint vision for the future of BFC by the program partners is built.
<b>Outputs</b>
2.1. Local stakeholders' support to the BFC will be maintained.
2.2. Liaison with international buyers will be strengthened.

**Expansion Project:** The Expansion project had two immediate objectives: 1) to improve labor compliance in the footwear industry, and 2) to enhance the capacity and practices of the public labor inspectorate. Table 2 lists the outputs associated with these immediate objectives, as stated

in the Project Document. The project's logframe (Annex G) provides a complete list of activities associated with the Expansion project.

**Table 2 – Expansion Project: Immediate Objectives and Outputs**

<b>Immediate Objective 1:</b> Improved Labor compliance and increased enterprise competitiveness of the footwear industry in Cambodia.
<b>Outputs</b>
1.1. A portfolio that includes expansion feasibility, management structure, communication, and other relevant strategies and plans necessary for preparing the expansion is developed.
1.2. Assessment and advisory bundled services are piloted and further implemented.
<b>Immediate Objective 2:</b> Enhanced and modernized public labor inspection practices through improved labor law enforcement capacities.
<b>Outputs</b>
2.1. Capacity building and training are provided to the Government to strengthen its capacity to govern the labor inspection system.
2.2. Improved health and safety inspection capacity of the Government with special attention to chemical safety.
2.3. Capacity of the Government is reinforced in order to address social compliance issues in subcontracting arrangements.

## 1.2 PROJECT BACKGROUND

The Better Factories Cambodia project launched its project in 2001 as a direct result of a trade agreement between Cambodia and the United States. This agreement provided Cambodia better access to the U.S. market in exchange for improved working conditions in its garment factories. The BFC project, formerly known as the “ILO Garment Sector Working Conditions Improvement Project,” combined an independent monitoring system of garment factory conditions with capacity building efforts targeting employers, workers and government officials. To guide its efforts, BFC established a Project Advisory Committee (PAC) with representatives from the Royal Government of Cambodia (RGC), the Garment Manufacturers Association (GMAC) and trade unions.

At its inception, the BFC project established a system for publicly reporting the results of the factory assessments through individual factory reports that were available for purchase by garment industry buyers, and biannual “Synthesis” reports. The Synthesis reports continue to be produced biannually, but as of 2005, they ceased containing information about the individual factory assessments. In theory, the system of transparent public reporting allowed buyers to make better-informed sourcing choices from potential suppliers, and thus increase the pressure of factories to comply with international labor standards and local labor law.

December 2004 marked the end of trade agreements between Cambodia and the United States that linked an increase in quotas for export to the United States with the requirement for factory compliance with core international labor standards and national labor laws. Shortly after, in 2005, BFC discontinued its system of transparent public reporting of individual factory assessments.

During the few years immediately following the end of public disclosure, factory conditions continued to improve; however, over the past three years, those improvements ceased to exist, and working conditions on core national and international labor standards made a sharp decline.<sup>1</sup> Worker rights advocacy groups also exposed the decline in workplace conditions and called for greater transparency in BFC's factory assessments.<sup>2</sup>

On September 23, 2013, the ILO's BFC program announced its plans to resume the practice of publicly disclosing garment factory compliance information with a list of 21 core international labor standards and Cambodian labor laws. In a factsheet disseminated to all stakeholders, BFC stated, "Public disclosure of BFC's findings is a necessary but partial response to violations of Cambodia's labor law and international labor standards. Cambodia's commitment to decent conditions in garment and footwear factories depends on the enforcement efforts of the Royal Government of Cambodia, on buyers influencing their supplier factories, and on GMAC actively encouraging its members to improve working conditions."<sup>3</sup>

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<sup>1</sup> ILO, "BFC Public Disclosure Fact Sheet," July 2013.

<sup>2</sup> International Human Rights and Conflict Resolution Clinic, Stanford School of Law, and Worker Rights Consortium, "Monitoring in the Dark: An Evaluation of ILO's BFC Monitoring and Reporting Program," February 2013.

<sup>3</sup> ILO, *op cit*.

## II EVALUATION PURPOSE AND METHODOLOGY

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### 2.1 EVALUATION PURPOSE

The mid-term evaluation sought to identify strengths and weaknesses of the projects and recommend corrective for activities funded by USDOL. Within this context, the evaluation Terms of Reference (TOR) contained a specific set of questions to guide the evaluation. These questions addressed key issues related to the projects' (1) relevance, (2) progress and effectiveness, (3) performance monitoring, and (4) sustainability. The entire list of evaluation questions can be found in the Terms of Reference (TOR) in Annex A.

### 2.2 EVALUATOR

An external evaluator with a background in labor, education and public health conducted the mid-term evaluation. The evaluator had previous experience conducting project evaluations focusing on labor issues for USDOL and the ILO. The external evaluator was responsible for developing the methodology in consultation with USDOL and BFC staff, conducting interviews and other data collection processes, analyzing the data, and preparing the evaluation report.

### 2.3 METHODOLOGY

The methodology for data collection was primarily qualitative in nature. Quantitative data were obtained from project documents and reports and incorporated into the analysis. Data collection methods and stakeholder perspectives were triangulated for many of the evaluation questions in order to bolster the credibility and validity of the results. A structured interview protocol was followed, with adjustments made for each person's level of involvement in project activities. The data collection process included a document review, development of data collection tools, field visits, stakeholder interviews, and the compilation of data into a matrix for final analysis.

**Evaluation Schedule.** The evaluation was conducted between September and October 2013. The evaluator contributed to the development of the TOR, reviewed project documents, and developed interview tools prior to fieldwork in Cambodia. The fieldwork was conducted from September 16-27. The majority of the data analysis and report writing occurred from September 28-October 13. The complete schedule of evaluation activities appears in the TOR (Annex A).

**Data Collection.** The evaluation questions developed by USDOL served as the basis for guides and protocols used in key informant interviews and document reviews. Stakeholders received interview questions that were adapted to their level of involvement or background knowledge. The master interview guide can be found in Annex C. The following methods were employed to gather primary and secondary data.

*Document Reviews:* The evaluator reviewed and referenced numerous project documents and other reference publications. These documents included the two relevant Project Documents (Prodoc), project work plan, data tracking table, quarterly technical progress reports, meeting minutes, and other supporting project materials found on the BFC website or provided during the fieldwork. Annex D shows the complete list of documents that were reviewed.

**Key Informant Interviews:** The evaluator conducted interviews with stakeholders in Phnom Penh. In addition Skype or telephone interviews were carried out with stakeholders outside of Cambodia. In total, 67 stakeholders—including individual workers and unions; industry association; factory management; buyer representatives; and other key actors participating, supporting and advising BFC—were interviewed individually or in small groups. Table 3 provides a summary of the stakeholder group interviewed, method of interview and the sample size. A complete list of individuals interviewed appears in Annex E.

**Table 3: Stakeholders, methods and sample size**

Stakeholder Group	Method of Interview (Individual, Group or Other)	Sample Size (Total number of individuals)
BFC Management Team and Factory Advisors	Individual and Group	15
Industry Association Representatives	Individual	1
Government Representatives (MoLVT, MoC)	Individual and Group	5
Cambodian Trade Union Representatives	Group	4
Factory Management Representatives	Group	21
Factory Workers (participants in BFC programs)	Group	7
Members of factory PICC	Group	5
Buyer Reps	Telephone/Skype	3
NGOs	Individual	2
ILO and IFC Regional and Global Reps	Telephone/Skype	3
U.S. Government Representatives	Individual	1
<b>TOTAL</b>		<b>67</b>

**Observations:** The evaluator participated in four factory tours, which provided an opportunity for factory management staff to highlight improvements/changes made as a result of BFC assessment and/or advisory services. In addition, the evaluator conducted one brief observation of BFC staff carrying out air monitoring in a footwear factory, which allowed the opportunity to better understand the types of services provided by the BFC program and the results of those services.

**Data Analysis.** The document reviews and stakeholder interviews generated a substantial amount of raw qualitative data. The evaluator used qualitative data analysis methods to categorize, synthesize, and summarize the raw data captured from the interview notes. The data analysis process was driven by the TOR evaluation questions.

**Debriefings.** The evaluator conducted a debriefing meeting with BFC project staff in Phnom Penh to present preliminary findings and to solicit feedback. In addition, the evaluator conducted an evaluation debriefing conference call with USDOL officials to discuss the preliminary findings and the evaluation process.

**Limitations.** Barriers to communication served as a limitation in this mid-term evaluation. As the evaluator did not speak Khmer or other languages spoken by factory management, including Mandarin and Korean, she relied on the accuracy and integrity of questions and answers relayed through an interpreter or interpreters. Stakeholder responses were triangulated to the extent possible in order to strengthen the accuracy and reliability of the interview data.

### III FINDINGS

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The following findings are based on three main sources: fieldwork interviews with project stakeholders in Phnom Penh, telephone interviews with regional and global ILO and IFC representatives, and a review of project documents and reports. The findings address the questions in the TOR (appearing in *italics*) for both the Strengthening and Expansion projects. The findings are further organized according to the following evaluation areas: relevance, progress and effectiveness, performance monitoring, and sustainability.

#### 3.1 RELEVANCE

The evaluation TOR included several questions aimed at examining the extent to which the Strengthening and Expansion project strategies remained relevant within the current implementing environment, and circumstances that may have affected project approaches or outcomes.

##### 3.1.1 Current Implementing Environment

The single biggest issue within the current implementing environment of the BFC program is **public disclosure** of BFC factory assessments. Since 2005, the results of individual assessments were not available to the public. According to BFC management staff on at least four occasions—September 2012, February 2013, July 2013 and again in August 2013—BFC discussed its intentions with tripartite stakeholders to resume the practice of public disclosure by January 2014. These stakeholders include the Royal Government of Cambodia, represented by the MoLVT and MoC; employers, represented by the Garment Manufacturers Association of Cambodia (GMAC); and Cambodian trade unions. However, the official announcement made on September 23, 2013 generated immediate reaction among stakeholders, expressing both support and opposition to public disclosure plans. Following are highlights of the reactions that were recorded during the mid-term evaluation interviews.

**GMAC’s Response to Public Disclosure Plans:** A GMAC representative stated that BFC’s decision to go forward with the public disclosure plan was “hasty” and “irresponsible.” The representative commented that public disclosure could hurt the garment industry more than help it and that employers were not given adequate time to examine the potential negative implications that might arise.

An official from the **Ministry of Commerce** expressed personal support of public disclosure, but added that BFC should consider working more closely with local authorities to remediate issues of non-compliance. The MoC has not publicly stated its opposition or its support of public disclosure.

Representatives from **MoLVT** who were interviewed were divided on the issue. Officials from the Department of Occupational Safety and Health (DOSH) expressed their support of public disclosure and added that this may be the only way to push factories to address working conditions. At the same time, a DOSH representative clarified that their department did not have the political power to disagree with the official position of the MoLVT. An MoLVT official from the labor inspectorate stated clear opposition to BFC’s public disclosure plan; instead, the

MoLVT representative promoted the idea of joint inspections with BFC monitors and imposing the necessary fines for non-compliance as an alternative to public disclosure. They added that their opposition to public disclosure stems from the fact that buyers might not support such measures, leading to factory closures and workers with no jobs. Since their initial statements just before and after the disclosure announcement, MoLVT officials have not offered further public comment.

Representatives from **Cambodian trade unions** who were interviewed expressed full support of public disclosure. One trade union confederation representative commented, “We have been pushing for public disclosure for a very long time, but our concerns were never taken seriously.” It is important to note that public disclosure also would include information about trade unions that are not following legal procedures to carry out strikes.

Three individual **buyer representatives** who were interviewed stated full support of BFC’s public disclosure initiative. In addition, since the announcement, media statements in support of public disclosure have been released by at least four buyers. Among these are Wal-Mart, the world’s largest retailer by sales, stating in an article published in the Wall Street Journal: “We know that transparency is vital to make progress in improving factory conditions...”<sup>4</sup>

**Effect on Current Implementing Environment:** Since the public disclosure announcement, GMAC issued an advisory to factory owners on September 30, 2013. In this statement, GMAC stated that unless BFC inspectors are accompanied by government officials or a government letter, owners should “exercise discretion” before admitting them. GMAC’s disagreement stems from what they perceive as insufficient time to discuss public disclosure with their constituency.<sup>5</sup> In a press statement published on October 1, 2013, a GMAC representative claimed, “BFC has gone beyond its mandate. Their job is to monitor and report, not to enforce. That is the government’s job.”<sup>6</sup> One factory manager interviewed after the announcement commented that while he personally believes in the process leading to greater transparency, he feels obligated to support GMAC. Despite GMAC’s cautionary recommendation to factory owners, BFC’s management team stated that in the week following GMAC’s advisory, they had not experienced any factory owners turning away their FAs.

**Brands’ Response:** On October 15, 2013, 13 major brands jointly issued a letter to GMAC stating their concern over GMAC’s advice to its members regarding BFC. The letter succinctly stated, “The undersigned brands therefore respectfully request that GMAC withdraw its 30 September notice to its members and make no further effort to undermine BFC’s operations.”<sup>7</sup>

**BFC’s Response:** In a press statement issued on Oct. 2, 2013, BFC’s Chief Technical Advisor (CTA) clarified that consultations on its new public-disclosure initiative have been conducted for more than a year, contrary to claims that the process has been hasty.<sup>8</sup> The intentions of the public

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<sup>4</sup> “Cambodian Garment Factories Come Under Scrutiny,” *The Wall Street Journal*, Kate O’Keefe, 23 September 2013.

<sup>5</sup> GMAC. <http://www.gmac-cambodia.org/>. 30 September 2013.

<sup>6</sup> “GMAC Urges Factories to Resist New Monitoring,” *The Cambodia Daily*, Matt Blomberg, 1 October 2013.

<sup>7</sup> Letter addressed to GMAC chairperson and signed by representatives of 13 brands, 15 October 2013.

<sup>8</sup> “Monitor, GMAC at odds over Plan,” *The Phnom Penh Post*, Daniel de Carteret and May Kunmakara, 2 Oct. 2013.



disclosure plan were explained in an Op Ed written by the BFC CTA and published in *The Wall Street Journal*. In this article, the author stated the following:

Starting in January 2014 we will post online information about each factory's performance related to fundamental rights protected by Cambodian and international labor law. We will release details regarding a small number of factories that have flouted the law over many years. In addition, all factories' performance related to a limited number of critical issues will be tracked. These issues include whether emergency exits are unlocked, whether the factory conducts twice-yearly evacuation drills, whether there is discrimination—especially against unions—and whether the factory is paying wages correctly. Factories get to have their say, too. Owners will be able to update their progress in addressing areas of noncompliance directly on the website. We anticipate that this exposure will encourage factories providing good working conditions to continue their good practices. This information will also make it easier for brands to identify the best performers, and seek them out. Conversely, factories with violations of these critical issues will feel pressured to improve.<sup>9</sup>

### 3.1.2 Relevance of Strengthening Project Strategies Given the Current Implementing Environment

*Is the Strengthening project design still relevant, given the current implementing environment?*

**Technical Alignment:** The strategies within the Strengthening Project primarily focused on achieving greater technical alignment with the International Labor Organization's Better Work program (BW). The BW Global program rolled out its program in six different countries from 2007-2011. The model was based on the same factory assessment services conducted by BFC, but it also added one key component: advisory services.

The BFC management team and BW Global representatives agreed on the importance of aligning BFC services to include advisory services. Buyers also agreed with the importance of offering BFC advisory services since this process focuses on factory improvements and follow-up. At the same time, BFC management staff pointed out that there are many differences between the BFC program and other BW country programs, which do not lend themselves for full alignment of BW programs and practices. A representative of BW Global agreed that the alignment has to lead to country program improvements: *"We are trying to promote an alignment that works best for Cambodia."* The specific progress and effectiveness of technical alignment is discussed in Section 3.2.3, Alignment of Tools and Processes.

Factory advisors (FAs) interviewed also agreed that the technical alignment strategies continue to make sense. By adopting the assessment and advisory practices of the BW program, they are able to share common experiences with other BW country program factory/enterprise advisors. One BFC FA commented, *"We learn about their challenges and experiences in factories and this helps give us a wider perspective on how to approach issues found in Cambodian factories."*

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<sup>9</sup> "Cambodia's Dangerous Transparency Problem," *The Wall Street Journal*, Jill Tucker, September 23, 2014.

**Strengthening Tripartite Stakeholder Buy-in (“Joint Vision”):** The Strengthening Project strategies also focused on strengthening the buy-in and support of BFC’s tripartite stakeholders—RGC, GMAC and trade unions. Strategies used to strengthen tripartite support include a formal Memorandum of Understanding (MOU), which is renewed every three years, and the Project Advisory Committee (PAC), which meets biannually. The tripartite committee members advise BFC in its activities, based on the best interest of their constituents. BFC management representatives described the challenges inherent in a tripartite advisory committee, yet stated its commitment to work impartially with all stakeholders. Government and employer stakeholders also mentioned the importance having an MOU signed by tripartite stakeholders to formalize commitments. Further discussion regarding the effectiveness of the current MOU and the progress in establishing a new MOU is found in Sections 3.2.1 and 3.2.2.

Cambodian trade union representatives expressed the desire to find more effective ways to voice their concerns regarding garment factory conditions both in the PAC meeting and through other tripartite forums. BFC representatives stated that for the past year, they initiated efforts to meet with trade unions prior to the PAC meetings in an effort to clarify their concerns and better prepare them to have effective discussions with employer and government representatives.

**Expansion into Footwear:** The strategies for scaling up the BFC model into footwear also include the application of alignment efforts—the opportunity to pilot the BW assessment/information management tools and the implementation of advisory services. The Expansion project strategies also provide an opportunity to strengthen the relationship with the MoLVT. According to BFC management staff, the model used for expanding into footwear serves as a model for other BW country programs that are considering expanding into new sectors. This includes a feasibility study, pilot program, outreach to international buyers to market BFC services, and opportunities to further enhance collaboration with tripartite stakeholders.

### **3.1.3 Circumstances Affecting Project Approaches or Outcomes**

*Have there been any changes in internal or external circumstances that could require a readjustment of project strategies?*

**Recent Growth of Garment Industry:** All current project approaches and outcomes remain relevant with the exception of one: extending services to subcontractors. At the present time, BFC is responsible for assessing 466 registered garment factories. This represents an increase of 150 factories since 2012 and double the number of factories since 2011. This same surge in the number of registered garment factories has also meant a parallel increase in the number of factory assessments required of BFC but with no increase in financial support or BFC staff.

Cambodian trade unions have repeatedly advocated for BFC’s assessment to include subcontractors, as they are thought to be some of the worst violators of labor rights. BFC representatives share some of this concern and stated that they currently assess 30 subcontractors among its 466 factories. At the same time, they cited several key factors that prohibit it from further expanding services to subcontractors. Among these are the following: 1) BFC must first focus on building its capacity to assess the rising number of registered factories, 2) subcontract factories are often difficult to identify or locate, as they have no government registration

requirements, and 3) unlike registered garment factories, there is no built-in mechanism that requires subcontract factories to be assessed by BFC in order to obtain an export permit. While BFC is currently in the process of adding factory advisor positions to meet the increased assessment needs of registered factories, it has had to indefinitely cancel expanding its services to subcontractors.

## **3.2 STRENGTHENING PROJECT PROGRESS AND EFFECTIVENESS**

This section examines the Strengthening project's progress and effectiveness for specific aspects of the first two immediate objectives, in accordance with the mid-term evaluation TOR.

### **3.2.1 Status of Current Memorandum of Understanding (2011-2013)**

*What is the status of the MOU or degree of compliance between the government of Cambodia and the ILO/Better Factories Cambodia Program?*

**Current MOU Mandates:** BFC's current three-year Memorandum of Understanding (MOU) between GMAC, the Royal Government of Cambodia (RGC) and the International Labor Organization (ILO) expires on Dec. 31, 2013. It outlines the principle mandates of the BFC program:

- (1) To help build the economy and competitiveness of Cambodia through performing assessments on the working conditions in garment factories based on Cambodian Labor Law and internationally recognized core labor standards;
- (2) To report on its findings publicly through its information management system;
- (3) To help improve working conditions and productivity through providing advisory services and training.

The MOU also outlines the commitments and support of the tripartite stakeholders, including their financial support.

**Compliance with MOU mandates and responsibilities:** According to BFC management staff, tripartite stakeholders have honored the stated financial contributions; however, as mentioned, BFC has not been able to provide assessments to all registered garment factories. Nevertheless, BFC was able to keep pace with its reporting requirements through the publication of the biannual "Synthesis Reports" on working conditions in Cambodia's garment sector.

### **3.2.2 Proposed Modifications for Future Memorandum of Understanding**

*What is the significance of the MOU for the future of BFC? In what ways could its contents be modified to strengthen the outcomes?*

As the Memorandum of Understanding between the ILO, GMAC and the Royal Government of Cambodia (RGC) ends in 2013, the signatory entities offered their viewpoints that would most likely result in their support of a new MOU.

**GMAC suggestions:** Prior to the public disclosure announcement, a GMAC representative stated that there is no need to change the contents of the current MOU, as long as it covers the basic mandate of BFC services. The representative added, however, that if BFC proceeds with

the public disclosure plan, it might be difficult to reach any kind of agreement between GMAC and BFC.

**MoLVT and MoC suggestions:** In light of the BFC’s public disclosure plans, MoLVT and MoC representatives suggested that the new MOU outline BFC assessment procedures and the process by which factories can remediate areas of non-compliance before disclosure. The MoLVT also suggested that the Synthesis Reports be approved and signed by the tripartite stakeholders and that this should be stated explicitly in the MOU.

**ILO/BFC viewpoints:** As BFC’s Memorandum of Understanding with GMAC and the Royal Government of Cambodia (RGC) ends in 2013, internal discussions have begun regarding the necessary changes that are needed in a future MOU to further strengthen the outcomes of the BFC program. According to BFC staff, an important proposed change involves financial contributions that are necessary to strengthen and expand the BFC program. The current contributions from the tripartite partners have remained flat during the three-year MOU period, despite the huge increase in the factory base over this same time period—nearly doubling. BFC representatives explained that GMAC collects a fee for the BFC assessment for each registered factory; yet, despite a surge in new factories, there has been no adjustment in the financial contribution given to the BFC program. The same is true for the RGC, whose revenues increased with an increase in export value, yet its contribution to BFC has remained flat. The proposed changes and specific contributions are further discussed in Section 3.5.1, Financial Sustainability.

### 3.2.3 Integration of BFC into Local Cambodian Context

*In what ways has the BFC program become integrated into the local Cambodian context, particularly as it relates to long-term sustainability?*

**Larger Context:** BFC management representatives clarified that while the BFC program is making every effort to be integrated into the process of the international garment business in Cambodia, they also function as a neutral and impartial entity that works under the auspices of a larger United Nations program. The program’s integration into the local Cambodian context is inherent within the requirement that all export garment factories in Cambodia must agree to be monitored by BFC in order to receive an export license, as stipulated in the Memorandum of Understanding. The Project Advisory Committee (PAC) also serves as an important point of integration, as its tripartite members represent Cambodian government, employer and labor sectors. Nevertheless, full integration and agreement among tripartite stakeholders is difficult to achieve, such as in the case of moving forward with plans to resume public disclosure of factory assessments. One labor representative on the PAC committee commented that even if the employer association, GMAC, was given ten more years to consider public disclosure, they still would not have supported it.<sup>10</sup>

At the same time, the BFC project has made some advances in becoming more fully integrated in industry-wide education efforts. This includes collaboration with GMAC and the MoLVT on World Occupational Safety and Health Day and the Workers’ Competition on Fire Safety. Under

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<sup>10</sup> *The Phnom Penh Post*, “Monitor, GMAC at odds over plan,” 2 October 2013, Daniel de Carteret and May Kunmakara, <http://www.phnompenhpost.com/business/monitor-gmac-odds-over-plan>

different funding, BFC launched their “Experts by Experience” program to raise awareness regarding fainting in factories.

**Project-Level:** BFC’s integration into the local Cambodian context must also be examined at the project level. BFC has steadily progressed in developing a cadre of Cambodian factory advisors who can provide continuous assessment and advisory services within the Cambodian garment and footwear industry. At least half of the mid-term evaluation interviews with factory management representatives mentioned the importance of having local Cambodians carry out assessment and advisory services as opposed to third-party factory advisors who may not be from Cambodia or fully understand the cultural or political context of the local garment manufacturing industry. Still, it has been difficult to attract and maintain qualified factory advisors. According to BFC management, experienced staff or qualified individuals are often recruited by brands that can offer local staff higher wages than those offered by BFC. BW Global is currently re-evaluating the grade/classification of BFC’s factory advisors to offer more competitive salaries and align them with other BW enterprise advisors.

The plan to incorporate national staff into top BFC management positions is another example of efforts to integrate into the local Cambodian context and forms an important part of BFC’s viability plan. This plan calls for a search of qualified national candidates in 2013 to assume the responsibilities of the Chief Technical Advisor (CTA). The candidate chosen would then have a one-year overlap period with the current CTA before fully transitioning into the national operations manager by the end of 2014.

A representative from the American Center for International Labor Solidarity (ACILS) in Cambodia questioned whether this was the right time to carry out this “localization” plan. The representative, whose organization supports Cambodian trade unions, stated that it is important to have a non-Cambodian at the helm during this critical transition in resuming public disclosure. *“An international CTA, who has the necessary experience and commitment, is more likely to withstand the political and personal pressure from government or employer sectors on issues such as public disclosure.”* The representative suggested a longer overlap between the current CTA and any viable national candidate before transitioning to full national leadership.

BFC’s search for a qualified national candidate during 2013 has come to a standstill. According to BFC management representatives, the national candidate selected to lead BFC decided to remain in his current position and no agreement was reached regarding an alternative candidate.

### **3.2.4 Alignment of Tools and Processes**

*What progress has been made in the technical adaptation of BFC tools and processes to Better Work tools and processes? What is the predicted timeframe for full transition to Better Work quality control systems?*

**Assessment Tool and Reporting Platform:** As previously mentioned, BFC was established five years prior to the BW Global program. As such, BFC developed its own factory assessment tool or checklist to guide the factory assessment visits and an Information Management System (IMS) to help organize, store and analyze the data collected. The BW program used BFC’s checklist and IMS as the foundation to develop the global assessment tool (Compliance Assessment Tool, or CAT) and information management system (Supply Chain Tracking of

Assessment and Remediation, or STAR). The intention of the BW Global program was to have all of its country programs using the same assessment tool and reporting platform, with adaptations for the specific country context, by the end of 2013.

The BFC program piloted the CAT assessment tool and STAR system in its footwear pilot program in 2012. Feedback from the factory advisors was that there were certain areas of the BFC assessment tool and IMS information management system that were stronger than the CAT and STAR. This led to further discussions between BFC and BW to consider an entirely different assessment tool and information management system: the **Fair Factories Clearinghouse (FFC)** Smart Audit tool and data management system. One of the main advantages of having all BW country programs using the same assessment/reporting platform is the ability to share factory lists and compliance documents across the various BW country programs. Discussions are currently underway between the country programs and BW Global to consider the possibility of using the FFC system as the common global assessment/reporting platform.

**Two-day Factory Assessments:** Another alignment effort accomplished by the BFC program was the adoption of the BW two-day factory assessment model. According to BFC factory advisors, the 2-day factory visits allow FAs the time to verify or cross check data through additional documentation and/or worker interviews. Prior to adopting the longer assessments, FAs used to phone or email when they needed additional information or documentation, often spending more time than the newly adopted 2-day factory assessments. BFC management pointed out that the 2-day assessments have, in fact, resulted in greater efficiency by the FAs.

**Advisory Services:** BFC has also aligned with the BW program by offering the factory advisory services to approximately 24 garment and footwear factories. While the assessment services are mandatory for all registered factories in Cambodia, advisory services remain voluntary. This differs from the other BW country programs where assessment and advisory services are offered as a bundled package. BFC implemented the bundled service package for its expansion into footwear; however, for its garment factories, it is less likely to become a mandatory service. One reason for this is simply the sheer number of garment factories that BFC is responsible for assessing—some 466 garment factories, which is more than twice as many as the next largest country program, Vietnam, with 198 factories. At this stage, BFC does not have the human or financial resources to require bundled services of its growing garment factory base. BFC management staff noted that they have a list of factories waiting to enroll in advisory services but until they can add more FAs, they are unable to accept additional factories.

**Performance Improvement Consultative Committees (PICCs):** Another alignment effort successfully implemented falls within the recently added advisory services: the establishment of Performance Improvements Consultative Committees (PICCs). The PICC model was created by the BW program as a mechanism for social dialogue focusing on the implementation of factory improvement plans. FAs are responsible for establishing the PICCs and providing the necessary technical assistance and facilitation of the PICC meetings. According to BFC's factory advisors/trainers, the FAs not only require training in the necessary industrial relations issues, but also leadership and group facilitation skills to successfully carry out the PICC process. Participants in one factory PICC who were interviewed during the mid-term evaluation

commented that the PICC has given workers and management a mechanism to work together on factory improvements.

### 3.2.5 Improvements in Quality of BFC Services

*What improvements-to-date have occurred in quality of BFC services in the areas of workplace assessments, training, and advisory services?*

Numerous improvements to BFC's services and program were identified in the desk review of project documents over the past two years. BFC staff, buyers and tripartite stakeholders also reflected on those improvements during the mid-term evaluation interviews. The improvements identified can be categorized according to the following subsections.

**Scalability:** After ten years of providing services solely to the garment industry, BFC was able to scale up the assessment and advisory model to the footwear industry and establish an expansion model that includes a feasibility study, pilot process and outreach effort before launching its program into a new sector.

**Transparency:** The recent announcement to resume public disclosure was considered by trade union stakeholders, buyers, NGOs and the US Embassy in Cambodia to be a positive step in obtaining effective workplace improvements in the garment industry. At the same time, GMAC and the RGC expressed concern that the BFC public disclosure plan may cause more harm than good.

**Efficiency:** The transition to the 2-day assessments is one example that demonstrates that BFC's factory advisors have in fact been more productive even though the factory assessments are one day longer. A productivity analysis shows on average a 50% increase in assessment report completion rates for each FA during the first six months of 2013, as compared to the previous year. However, even with an increase in efficiency, the surge in the number of garment factories has not made it possible to get to every factory.

Another improvement leading to greater efficiency is a result of BFC's improvements to its website. Prior to May 2013, the website was described by BFC staff as having little practical use in their day-to-day activities. The new website now contains easily accessible information and updates that informs stakeholders of BFC services and activities.

**Sustainability:** BFC has developed a viability plan that covers a three-year period from 2012-2015. It marks the progress of political, financial and managerial viability. Further details of BFC's financial viability are discussed in Section 3.5.1.

**Impact:** The BW Global program is currently conducting an impact evaluation of the BW country program services. As such, BFC is participating in the data collection and data analysis activities. This, however, goes outside of the scope of the Strengthening and Expansion project objectives.

### 3.2.6 Suggestions for Further Strengthening the Quality of BFC Services

During mid-term evaluation interviews, stakeholders representing employers, buyers, trade unions and BFC staff, had a numbers of suggestions to further improve BFC services. The majority of these suggestions focus on increasing BFC's outreach and education efforts, and increasing the capacity of BFC's factory advisors. The following are among the suggestions for improvement that are applicable to the Strengthening and Expansion project objectives.

**Increased Outreach Efforts:** Representatives from Cambodian trade unions, GMAC and BFC staff commented that BFC should strengthen its outreach and education activities to factory managers and workers. A BFC's factory advisors agreed on the importance of providing free educational programs for workers that don't conflict with the fee-for-service trainings. At the same time, they pointed to the shortage of staff and resources to carry these out. If the staff and resources did exist, however, they suggested replicating the model of "Open University" that was implemented from 2010-2011. This model offered a series of free workshops on Cambodian labor laws, targeting factory workers. FAs felt that this was an effective way to raise workers' awareness regarding labor laws, raise their own awareness of the current labor issues in factories, and increase the visibility and understanding of BFC's factory assessment work.

One buyer/brand representative stated that BFC should improve its outreach to buyers. For buyers that have a corporate social responsibility program (CSR), BFC should articulate the kind of support they need to move the agenda forward in terms of improving workplace conditions. The buyer representative added that for brands at the "lower tier," BFC should incorporate outreach efforts that focus on a cost efficiency angle—why investing in workplace improvements results in greater productivity. The representative explained that smaller brands/buyers still do not fully understand the relationship between productivity and working conditions. In response, a BFC management representative stated that evidence documenting the relationship between improved workplace conditions and productivity is difficult to produce without the help of an economist or access to factory financial records.

**FA Capacity Building Focusing on Industrial Relations Issues:** The sharp rise in factory worker strikes between 2010-2012—170%—demonstrate the need to focus on industrial relations issues. While this increase can be correlated to the growth of the garment industry, the root causes vary. One factory visited during the mid-term evaluation had recently experienced a labor strike that stopped production for 8 days. Management at this factory suggested BFC carry out educational activities with trade unions to raise their awareness about social dialogue and the consequences of illegal strikes. However, trade union representatives interviewed stated that the increasing number of strikes points to a heightened awareness by workers regarding illegal labor practices.

The BFC project has made a concerted effort to build the capacity of factory advisors regarding industrial relations issues with specific training and technical assistance from ILO industrial relations experts. But FAs interviewed stated that further support and training is needed: *"We need additional support on identifying and resolving industrial relations issues. Factory managers often have high expectations that we issue clear interpretations on industrial relations issues, but these are often abstract and very sensitive issues."*



In response, a BFC management representative agreed on the need to build the capacity of factory advisors with regard to industrial relations issues, but that these issues go beyond the scope of the project. The BFC representative stated, *“We are working at the micro level on a macro-level issue that needs to be tackled by the RGC... Without legal underpinnings—without the RGC passing a credible trade union law—it is unlikely that the efforts of BFC FAs are going to make systemic change... That [change] can be achieved through trade union capacity building and through legal reform.”*

Related to this issue, Cambodian trade union representatives voiced their opinion that BFC has not done enough to support their concerns. *“We participate in the Project Advisory Committee, but our concerns are often not heard.”* One example cited was the issue of including subcontractor factories in BFC assessments. These factories, according to the trade union representatives, are considered among the worst violators of labor rights. They also cited their concern regarding the absence of any kind of process to handle complaints from workers. Still, trade union representatives were encouraged by the recent announcement of public disclosure, stating that this is, *“A step in the right direction.”*

**Expanded Scope of BFC Factory Assessments and Advisory:** Two buyers interviewed during the mid-term evaluation mentioned the need for BFC to expand the scope of its assessment and advisory services to include **environmental issues** and **management systems**. This need was also mentioned by a representative from the International Finance Corporation (IFC), ILO’s partner in the management of the Better Work program. BW Global managers agreed with this assessment and are currently studying the possibility of expanding its scope in both of these areas. Another buyer mentioned the need for BFC to increase its scope and capacity on occupational safety and health (OSH) issues. The OSH capacity and additional training needs are discussed in Section 3.3.2.

### 3.3 EXPANSION PROJECT PROGRESS AND EFFECTIVENESS

The mid-term evaluation TOR contained additional questions regarding the progress and effectiveness of specific strategies within BFC’s Expansion into Footwear project. The questions appear in italics prior to the documented findings.

#### 3.3.1 Development of an Expansion Plan and Current Status of Bundled Services

*Have the activities specified in Output 1.1—development of an expansion plan—been successfully completed? Why or why not?*

**Feasibility Study:** Cambodia currently has 45 footwear factories, which is nearly twice as many as five years ago. With this growth, large buyers who source both garment and footwear to Cambodia have become increasingly interested in having BFC expand its services to the footwear sector. The initial step taken by BFC to consider this expansion involved a feasibility study that involved reviewing expansion feasibility and consulting with footwear industry partners. Since assessment of working conditions in footwear factories is not mandatory, as is the case for garment factories, studying the feasibility and sustainability of expansion was crucial. Results were encouraging enough to go forward with the recruitment of nine footwear factories

to participate in a pilot program.

**Pilot Program:** BFC worked with nine factories to carry out a pilot footwear factory assessment program between March and December 2012. While the assessment procedure was similar to that of garment factories, the footwear pilot program offered the opportunity to “test the waters” with footwear services, and to pilot Better Work’s Compliance Assessment Tool (CAT) and information management system (STAR). As discussed in Section XX, alignment of factory assessment tools and data management system was one of the objectives of the Strengthening project. The pilot study results were disseminated in BFC’s pilot study report.<sup>11</sup>

According to BFC staff, one important lesson learned from the pilot study was that BFC’s assessment tool and information management system had some advantages over BW’s CAT tool and STAR data management system. BFC’s suggestions for improving BW’s tools led to further discussions regarding global tools and processes.

**Outreach Plan:** In February 2013, BFC presented the findings of the pilot study at a footwear buyers’ forum comprised of factory representatives, international buyers and officials from both the MoC and MoLVT. BFC announced that it would begin offering assessment services in footwear factories only as a “bundled package” that included advisory services. This differed from BFC’s model in the garment sector but aligned with the BW Global procedures. According to a representative from the IFC who attended the buyers’ forum and provided support to the footwear pilot program, buyers were interested in engaging their suppliers in BFC’s bundled services; however, BFC did not have the capacity—both technical and staffing—to further promote the bundled services in footwear. The IFC representative commented, “*You need to have a complete product before you market. Assessments by themselves do not add much value. You need to be ready to offer the full package that includes advisory services and training.*” The IFC representative added that BW Global should give greater support for the footwear expansion program since the model can be scaled up to other BW country programs.

### 3.3.2 Current Status of Bundled Services

*What progress has been made toward the implementation of assessment and advisory bundled services?*

**At Project Mid-term:** Six factories were registered for BFC’s bundled services and eight more were awaiting services to begin by the end of 2013. Part of the problem in meeting the demand for services has been the shortage of BFC assessment and advisory staff. While BFC is currently recruiting additional staff and reorganizing its advisory team, BFC management staff commented that it remains a challenge to recruit, build the capacity and then maintain skilled advisory staff. BFC is in the process of adding eight more advisory staff members and establishing a **specialized footwear advisory team**.

**Capacity Building:** BFC management staff hopes that by assigning eight of its current factory advisors to provide both assessment and advisory services, they can begin offering services to footwear factories currently on the waiting list by the end of 2013. At the same time, the three

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<sup>11</sup> ILO, “Footwear Pilot Program, Better Factories Cambodia,” March 2013.

current factory advisors who offer both assessment and advisory services noted that it takes time to build confident factory advisor. Aside from the technical skills and knowledge related to compliance assessments, a factory advisor needs the time and support to develop facilitation skills, conciliation skills, and even marketing skills, among others. To accomplish this, factory advisors suggest that in addition to the necessary technical training, they should receive a three-month training period where new factory advisors are given the opportunity to shadow more experienced factory advisors.

### **3.3.3 Ability to Address OSH Issues**

*What is the project's current ability to address the critical need for improvement of OSH-related deficiencies within the piloted footwear factories?*

**Current OSH Capacity:** The need for more technical training of factory advisors became apparent during the Footwear Pilot Project. The IFC sponsored two workshops focusing on chemical safety, given by an international industrial hygienist. BFC factory advisors commented that these workshops provided them with a working knowledge to assess chemical safety, but that they need further training and more experience before they can confidently offer technical advisory on OSH issues.

One factory advisor suggested training that focuses on how to present to factory management the cost benefit of investing in OSH. One FA stated, *"Some suggestions to improve workplace safety are costly, and I don't have a deep enough understanding to explain the benefit of making such investments in terms of higher productivity."*

A representative from the IFC recognized the knowledge gap that some FAs might have regarding OSH issues. The IFC official commented that while they were able to support capacity building efforts during the pilot year, BW Global offices should take greater responsibility in providing ongoing OSH support.

### **3.3.4 Status of Outreach to MoLVT Labor Inspectors**

*What is the status of BFC's outreach to MoLVT Labor Inspectors with regard to collaboration, training, and prospects for future cooperation in the labor inspection system?*

The Expansion Project Document describes key areas for closer collaboration between BFC and the MoLVT. This includes 1) capacity building and training for the general MoLVT labor inspectorate and 2) enhancing MoLVT's ability to address OSH issues.

**Capacity Building and Training with MoLVT Labor Inspectorate:** Interviews with the MoLVT labor inspectorate stated that their direct involvement with the BFC program is limited to their representation on the PAC, but that this amounts to little more than "rubber stamping" the synthesis report and listening to BFC talk about the issues found in the factories. The representative stated that "meaningful collaboration" would involve forming a joint monitoring team, along with labor and employer representatives, to accompany BFC FAs in conducting factory assessments. This kind of collaboration would greatly enhance the support of BFC by tripartite stakeholders. The MoLVT added that such collaboration should be supported both formally and financially by BFC.

The BFC management team was amenable to the idea of joint inspection teams for those factories that have consistently been non-compliant—approximately 15 of them—and has in fact drafted the Terms of Reference for this “Joint Task Force.” At the same time, BFC representatives expressed cautious optimism regarding the formation and implementation of such a plan. BFC management also clarified that BFC assessments and reporting are an independent rather than tripartite process.

**MoLVT OSH Capacity Building:** The interviews with two MoLVT DOSH officials indicated a more collaborative relationship with the BFC program. They cited their participation as judges in a recent fire safety campaign and the participation of two DOSH inspectors in BFC OSH training as two examples. DOSH representatives explained that their staff is more technically competent than the BFC staff members, who have little OSH training. They would like to support BFC staff as they build their OSH capacity. They are planning to participate in an “exchange of ideas and practices” with BFC at the end of October 2013. BFC representatives stated that the upcoming exchange is a step in the right direction in terms of achieving a more collaborative relationship with DOSH representatives. BFC intends to provide further joint training for its factory advisors and MoLVT’s DOSH inspectors on topics such as chemical safety in footwear factories.

### 3.4 PERFORMANCE MONITORING

#### 3.4.1 Grantee Monitoring Requirements

The monitoring requirements outlined in USDOL’s 2010 *Management Procedures and Guidelines* (2010)<sup>12</sup> outlines the expectation of the grantee to effectively measure both outputs and outcomes. The Guidelines do not require the development of a project logframe, but they do require the development of a project monitoring plan (PMP) “within two months after the appointment of a project manager.”<sup>13</sup> Furthermore, the ILO is expected to collect indicator data semi-annually and include findings in the technical progress reports (TPRs).<sup>14</sup> The Guidelines do not, however, include an outline or example of the PMP format or contents.

#### 3.4.2 Description of BFC’s Performance Monitoring System

**Project Workplan:** Data is collected in the project’s workplan to monitor the progress of all BFC activities that are intended to contribute to the achievement of project outputs. In this manner, BFC’s workplan serves as an activity-tracking table. Table 4 provides an outline of the data recorded in the workplan. The workplan also identifies the unit or person responsible for reporting the progress of each activity. The most current completed BFC workplan from July 2013 is found in Annex H (Excel attachment).

<sup>12</sup> USDOL, *Management Procedures and Guidelines of USDOL-ILO Cooperative Agreements*, Washington D.C., 2010.

<sup>13</sup> *Ibid*, p. 10.

<sup>14</sup> *Ibid*, p. 17.

**Table 4 –BFC Workplan Outline**

OUTCOME								
Outputs	Activities	Responsi- bility	Planned Start Quarter	Actual Start Date	Planned End Quarter	Actual End Date	Status	Com- ments

**Project Logframe:** In addition to the workplan, BFC collects data according to the key performance indicators defined in the project’s logframe. These indicators measure both outputs and outcomes. A complete list of performance indicators can be found in each project’s logframe (Annexes F and G). Table 5 provides an outline of the data collected in accordance with the key performance indicators in BFC’s logframe.

**Table 5 –BFC Logframe Data Collection Outline**

DEVELOPMENT OBJECTIVE OUTCOMES								
Outputs	Activities	Key Perform- ance Indicators	Baseline at Start of Project	Target	Actual	Total End of Project	Means of Verifica- tion	Risk Assump- tion

### 3.4.3 Usefulness of BFC’s Performance Monitoring System

*Is the project monitoring plan practical, useful, and sufficient for measuring progress toward achieving project objectives? How is the gathered data used? How could it be used better?*

**Practicality and Usefulness:** According to BFC management staff, the workplan serves as a good general guide to monitor the progress of all of its activities, but added that it could be a more useful and practical monitoring tool if it were reviewed in monthly management meetings. As such, the data collected and reported every six months is primarily used for strategic planning purposes to strengthen areas of weakness or focus on areas that offer greater opportunities. The data contained in the logframe is not necessarily used to guide project operations; however, the data is collected and analyzed by BW Global to measure impact of BW services.

**Beyond the Workplan and Logframe:** BFC management staff discussed the myriad of progress reports that are written to inform tripartite constituents and project donors on BFC’s progress. These include the biannual Synthesis Reports that summarize key findings in the factory assessments during the last six months, technical progress reports (TPRs) that are written for USDOL every quarter, and activity reports for BW Global and other donors. The BFC management staff commented that the reporting requirements at times seem never ending: “*We finish one Technical Progress Report and then it’s time to start collecting the information for the next one.*”

**Effectiveness of BFC’s monitoring system:** BFC management staff recognized the importance of having a project monitoring plan that measures both outputs and outcomes. At the same time,

more comprehensive monitoring activities take time and money. Current staffing levels and funding do not permit for any one person to focus just on monitoring. It is a joint effort with data collected from key management staff. For now, the workplan is what was considered the most useful and practical to keep project activities on track.

### 3.5 SUSTAINABILITY

The mid-term evaluation TOR included several questions regarding the sustainability of BFC's services and capacity building efforts for factory advisors.

#### 3.5.1 Financial Sustainability of Current BFC Services

*What is the probability that BFC could become financially self-sustainable and still serve the industry without sacrificing the quality of services?*

BFC's "Viability Plan" outlines specific strategies to increase its financial sustainability to depend on a maximum of 30% donor support for its core assessment, advisory and training services. Currently, the level of donor support for its core services stands at 36% and non-donor support at 64%. Specific measures proposed to increase core funding from non-donor sources include the following.

**Increased contributions from the RGC and GMAC:** The MOU covering the period from 2014-2016 proposes an increase in contribution from both GMAC and the RGC for the mandatory factory assessment services. This increase is based on a growth-based model, whereby GMAC would contribute at a rate of \$0.70 per worker in each GMAC member factory and the RGC would contribute at a rate of 0.00005 x total previous year export value. Table 6 provides a comparison of financial contributions as outlined in the current MOU and the proposed changes (based on projected growth) for the new MOU. During the mid-term evaluation interview, however, a GMAC representative commented that it is not fair to ask employers and the RGC to increase their contribution when trade unions are not being asked to do the same.

**Table 6: BFC Financial Contributions as Outlined in MOU (2011-2013)  
and Proposed Contributions for Future MOU (2014-2016)**

Source of Funds	2011	2012	2013	2014 (proposed)	2015 (proposed)	2016 (proposed)
Garment Manufactures Association of Cambodia (GMAC)	175,000	175,000	175,000	292,885	332,058	377,162
Royal Government of Cambodia (RGC)	180,000	180,000	180,000	249,350	282,700	321,100
International Garment	225,000	262,500	300,000	450,000	500,000	550,000

Buyers, Training and Advisory fees (estimate)						
Cambodian Trade Unions	500	500	500	500	500	500
<b>Total</b>	<b>598,500</b>	<b>607,500</b>	<b>651,300</b>	<b>992,735</b>	<b>1,115,258</b>	<b>1,248,762</b>

**Increased Revenue from Advisory/Bundled Services:** The voluntary advisory and bundled services have the potential to pay for themselves with the fees collected from the factories that receive the services. For example, if BFC adds 10 new advisory factories, the fees for this service amount to a minimum of \$25,000. This amount is sufficient to hire another BFC factory advisor.

**Increased Buyer Subscriptions:** Over the past year, buyer subscriptions to BFC's assessment reports have increased by 98%. This was a result of what BFC management described as a time-consuming but necessary marketing strategy to buyers, involving emails, phone calls, meetings, and forums. Still, two buyer representatives interviewed felt that BFC could do more to increase buyer's awareness about BFC's services and the importance of supporting the program through buyer subscriptions. A BW Global representative interviewed stated that BW has a buyers' liaison officer dedicated to recruiting new brands, initiating strategic discussions and organizing buyers' forums.

**Increased Training Revenue:** BFC's training income increased by 121% from 2012 to 2013. This increase in training is partially due to the new training programs offered by BFC's training staff that recognizes the importance of offering innovative training courses to factory managers and workers. While fees from training are an important source of revenue, BFC training staff also commented that it is important to offer some free awareness trainings. The free trainings serve as an important outreach and education mechanism, but to effectively conduct such outreach, donor support is often necessary.

**Further Expansion Efforts:** BFC continues to study the feasibility of scaling up its bundled services to other sectors. The model for expanding into footwear is now serving as a model for expanding into other sectors such as bicycle manufacturing. According to a BFC representative, plans are underway to conduct a feasibility study on this expansion effort by the end of 2013.

### 3.5.2 Sustainability of Factory Advisors and Capacity-Building Efforts

*How will the project sustain: (a) the quality of training provided for FAs, (b) the number of EAs necessary to complete these services, and (c) the assessment-advisory bundled services being offered given the total number of factories being monitored?*

**FA Capacity Building:** BFC's factory advisors stated that in the past two years, there have been an increased number of opportunities to participate in training programs sponsored by BW Global and BFC. FAs commented that the exchanges with other BW Enterprise Advisors were particularly helpful in their professional development as the ideas exchanged are directly applicable to their assessment and advisory work. Specific trainings by outside experts on topics

such as chemical safety and industrial relations also contributed to building their breadth of knowledge.

The **sustainability** of these capacity building efforts largely depends on the support of the BW Global program, specific earmarks within BFC's non-donor funds, and ongoing in-house training provided by experienced BFC FA training staff. Still, donor support for specialized training or regional events remains an important source of support.

**FAs Necessary to Complete Services:** The financial viability plan discussed in Section 3.5.1. describes the main sources of funding to sustain and expand BFC's advisory staff. Sources of income include 1) growth-based funds from GMAC and the RGC, 2) fees from voluntary advisory/bundled services, 3) buyer subscriptions, and 4) training fees. Together, these sources of income enable BFC to add or reduce FA staff, depending on the rise or decline in the total number of garment and footwear factories receiving services.

**Sustainability of Assessment-Advisory Bundled Services:** The sustainability of the bundled services depends on the interest of footwear factories to enroll and pay for the assessment and advisory services. By the end of 2013, BFC anticipates the enrollment of ten footwear factories. This is based on the factories currently on the waiting list and the expectation that this interest will continue to grow with buyer support. As the bundled services in footwear and the advisory services in garment grow, the increase in revenue will allow additional FAs to be hired.



## IV CONCLUSIONS

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### 4.1 RELEVANCE

#### 4.1.1. Strengthening Project

The two strategies used to strengthen tripartite support and buy-in—establishing a formal **MOU** and convening biannual **PAC** meetings—were relevant and effective. While the commitments established under the MOU were honored and the PAC meetings fostered tripartite participation, there is still a need to further strengthen these strategies so that the channels of communication among stakeholders remain open and productive.

Strategies to achieve greater **technical alignment** of the assessment tools used by BFC and BW Global were appropriate, as the process took into consideration the strengths and weaknesses of both programs. This likely will result in the development of a more useful and versatile global assessment tool and information management system.

#### 4.1.2. Expansion Project

The strategies used to improve labor compliance in the footwear industry involved the development and implementation of an **expansion plan**, which included a feasibility study, pilot program, and outreach component. This resulted in the establishment of a successful model for scaling up services to other sectors. The inclusion of **subcontract factories** within this expansion plan was not realistic, however, due to BFC's limited capacity to 1) assess the rapidly rising number of registered factories, 2) identify the unregistered and often temporary subcontractors, and 3) promote its assessment services among subcontractor without a government or buyer mandate.

The strategies for **enhancing public labor inspection practices**—capacity-building activities that include OSH training and joint factory inspections—have the potential to contribute to improved labor inspection practices.

### 4.2 PROJECT PROGRESS AND EFFECTIVENESS

#### 4.2.1. Strengthening Project

BFC has successfully become **an integral part of the export garment industry** in Cambodia, with its mandated assessment services for all registered garment factories. The successful execution of commitments contained in the **current MOU** and the biannual convening of the **Project Advisory Committee (PAC)**, have facilitated this integration. The PAC played a significant role in advising BFC activities and opening up channels of communication among and between tripartite constituents.

BFC's **integration into the local context** also has been successful at the project level due to its ability to attract and build the capacity of a qualified cadre of Cambodian factory advisors. BFC's plan for incorporating a national staff person to the top management position by the end of 2014 also demonstrates commitment to further "localization" efforts. Still, problems persist with regard to identifying and maintaining qualified FAs, and with identifying qualified national

candidates who could assume the BFC leadership responsibilities. Given the current fractured tripartite relationships, the political sensitivities regarding public disclosure, and the shortage of qualified national candidates, the timeline for incorporating national leadership might be premature.

BFC has made significant progress in its **alignment efforts** with BW Global by piloting the global assessment tool and information management system during its footwear pilot program. This experience provided BW with feedback on the usefulness and limitations of its global tool. Although the adoption of this tool has been delayed, the outcome may result in the implementation of a more versatile global assessment tool and information management system. The adoption of other BW global processes, such as the two-day factory assessments and the addition of bundled assessment-advisory services, demonstrates further progress in alignment efforts.

BFC has made **significant programmatic improvements** over the past two years resulting in the ability to scale up its services; to re-establish its process of public disclosure; to increase its efficiency with assessments; to increase the accessibility of its website; and to increase its financial viability. At the same time, **BFC's services could be further strengthened** in several key areas including outreach to factory workers, management and buyers; technical capacity building of FA staff; and coordination of joint inspection teams of non-compliant factories.

#### 4.2.2. Expansion Project

The **expansion plan** activities, which included a feasibility study, pilot program and outreach efforts, provided an **exemplary approach for scaling up activities** to a different sector. The addition of the “bundled” assessment/advisory services to the footwear industry further strengthened the BFC program’s ability to contribute to effective workplace improvements.

With the additional emphasis of occupational safety and health in the footwear industry, BFC’s FAs have sufficient training to conduct *assessments* of basic OSH issues. However, the **factory advisors’ limited experience and technical training** on these issues have hindered their ability to provide more technical and persuasive *advisories* to factory managers.

As part of the expansion plan activities, BFC has succeeded in **collaborating with MoLVT’s DOSH inspectors** on worker outreach efforts and other capacity-building activities specific to footwear factories. The potential and interest exist for **further collaboration with MoLVT’s labor inspectorate** through the implementation of joint inspection teams to monitor consistently non-compliant factories.

### 4.3 PERFORMANCE MONITORING

BFC’s **project workplan** has served as its primary **monitoring tool** to track the quantitative progress of its activities. Its design is both practical and useful for measuring project activities and outputs, but it has fallen short in its ability to effectively measure project outcomes. Furthermore, the project workplan does not fulfill the specific monitoring requirements as outlined in the *Management Procedures and Guidelines of USDOL-ILO Cooperative Agreements* (2010). At the same time, the qualitative and quantitative data contained within the various monitoring and reporting tools, including the **Technical Progress Reports** and **project**

**logframes**, have provided additional data for objectively measuring project outputs and outcomes. The myriad monitoring requirements of Better Work Global's numerous donors, presents **a challenge for the development and use of a single comprehensive monitoring tool that is managed by BFC project staff.**

#### **4.4 SUSTAINABILITY**

BFC's Viability Plan outlined a comprehensive approach to greater **financial sustainability**, without disruption to current BFC services and capacity-building efforts. While BFC has made significant progress in this area, its future financial sustainability partially depends partly on GMAC and the RGC supporting their financial commitments in accordance with the proposed growth-based financial model. Other sources of revenue from advisory/bundled services, buyer subscriptions and training are viable and further permit BFC to decrease its dependence on donor funding. Nevertheless, the sustainability of BFC's assessment, advisory and training services may never permit its complete independence from donor funding.

## V RECOMMENDATIONS

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The following recommendations are based upon the findings and conclusions for both the Strengthening and Expansion projects. They are primarily intended to provide the BFC project staff, the BW Global staff, and the donor with key actions to further strengthen project outputs and outcomes.

- (1) BFC management should **strengthen its outreach and communication to tripartite constituents** and further clarify its public disclosure plan.
  - BFC management should consider convening special sessions of the PAC during this critical transition back to public disclosure.
  - Global ILO and/or BW officials should consider providing further support to tripartite discussions as the plan is implemented.
  - International buyers that source to Cambodia should openly support BFC's public disclosure plan and jointly use their leverage to help achieve full tripartite support.
- (2) The BFC program should **re-examine its capacity-building strategies and activities for the MoLVT** in order to develop appropriate and meaningful training, and encourage greater dialogue between the two entities.
  - BFC management team should continue to coordinate capacity-building efforts with MoLVT DOSH inspectors that results in a two-way exchange of OSH experience and knowledge.
  - BFC management should support efforts to obtain the services of international OSH experts to provide further technical training of BFC advisory staff as well as interested MoLVT DOSH inspectors.
  - BFC management staff should engage in further discussions with MoLVT's labor inspectorate regarding similar strategies to exchange information and inspection practices, including the possibility of forming joint inspection teams targeting non-compliant factories.
- (3) The BFC program should **develop a comprehensive outreach program that specifically targets footwear** factory managers, workers, trade unions and buyers in order to increase awareness of labor and OSH issues in footwear factories, and to promote BFC training, assessment and advisory services.
  - BFC training and advisory staff should provide free awareness-level training to footwear factory managers and workers on topics such as chemical safety, international and national labor standards, and BFC core services.
  - BFC management staff should examine the feasibility of collaborating with international trade union solidarity programs to support capacity-building efforts targeting trade union leaders representing footwear workers.
  - BW Global buyer liaisons and BFC management staff should clearly articulate the type of support that international buyers can provide in order to promote BFC's bundled services resulting in full coverage of its services within Cambodia's footwear industry.

- USDOL should consider augmenting its financial and technical support of BFC's capacity-building efforts and outreach targeting the footwear industry.
- (4) The BFC program should **establish a mechanism to recruit, train and mentor** an increased number of factory advisors who can meet the demands for assessment and advisory services.
- BFC training and advisory services should coordinate efforts to identify the necessary induction training as well as the appropriate length of time to shadow senior factory advisory staff.
  - BFC management team should coordinate periodic in-service trainings for FA staff on various topics such as OSH, national labor laws, international labor standards, and international systems of standardization to further develop their technical knowledge and skills.
- (5) The BW Global program should **extend its timeline** by at least one year for recruiting and mentoring BFC's national operations manager.
- BW Global operations and BFC management staff should maintain international leadership for a minimum of two years in light of the political sensitivities surrounding public disclosure.
  - BW Global operations and BFC management should develop a more aggressive search and recruitment strategy, in the meantime, to attract *qualified* candidates for the national operations manager position, and consider a longer mentoring period of 1-2 years to better prepare the candidate to assume leadership of BFC.
- (6) The BFC program should **strengthen its current monitoring activities** to more effectively monitor project outputs and outcomes, and fulfill the requirements under USDOL's *Management Procedures and Guidelines*.
- USDOL should provide the necessary technical assistance and funding to develop and implement a comprehensive project monitoring plan.
  - BW Global should provide additional guidance and support to integrate more effective outcome-oriented monitoring activities at the project level.
  - BFC management should request and allocate sufficient project resources—staffing and financial—to carry out the more comprehensive monitoring activities.
- (7) The BFC program should **continue with its two-pronged approach** of pursuing both donor and non-donor funding, with the goal of achieving greater financial self-sufficiency while supporting and enhancing its current services.
- BFC should follow through with the strategies identified within its existing viability plan in order to achieve greater financial independence.
  - USDOL should consider extending and augmenting donor support of BFC's Strengthening project for no less than two years, in order to support existing efforts toward technical alignment, tripartite support, and a longer transition for BFC national leadership.
  - USDOL should consider providing additional resources to BFC's Expansion project in order to support additional technical training for factory advisors targeting the footwear sector.



## **ANNEXES**

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## ANNEX A: TERMS OF REFERENCE

### TERMS OF REFERENCE

#### **MID-TERM EVALUATION OF ILO-BETTER WORK'S *STRENGTHENING THE SCOPE AND CAPACITIES OF THE BETTER FACTORIES CAMBODIA PROJECT AND BFC EXPANSION INTO FOOTWEAR***

### INTRODUCTION AND RATIONALE FOR THE EVALUATION

The U.S. Department of Labor's (USDOL) Bureau of International Labor Affairs' Office of Trade and Labor Affairs (ILAB-OTLA) has retained O'Brien & Associates, Inc. to undertake a mid-term evaluation of the International Labor Organization (ILO)-implemented *Strengthening the Scope and Capacities of the Better Factories Cambodia Project* (BFC-“Strengthening”) and *BFC Expansion into Footwear* (“Expansion”) which ILAB began funding in 2011 for a combined amount of \$1.66 million and in 2012 added \$500,000 for a total of \$2.16 million. The mid-term is an independent, normative “process” evaluation to recognize achievements, strengths, and weaknesses, as well as to identify problems and recommend corrective actions at the *project level*, with a focus on the activities funded by ILAB. It is not intended to measure the *impact* of the interventions on the lives of its beneficiaries, on the garment and footwear industry or to comment on the merits of the BFC program. At the end of the project's funding cycle ILAB will conduct a final evaluation, at which time more comprehensive evaluation methods will be employed and broader development objective-related questions can be asked.

ILAB conducts independent evaluations of the projects it funds as part of its technical assistance performance monitoring and evaluation (M&E) strategy when funding for evaluations is available. A mid-term evaluation of the BFC project was envisioned in 2012 when an M&E Indefinite Delivery Indefinite Quantity contract was awarded to O'Brien and Associates to conduct selected ILAB mid-term and final project evaluations. The ILO commissioned an independent mid-term evaluation of BFC in February 2013, in which ILAB was not a participant. In an effort to provide information that does not duplicate the fairly recent ILO evaluation, and in keeping with the definition of the USDOL *cooperative agreement*, the mechanism under which the BFC project is funded, these terms of reference are a collaboration between the ILAB project manager and the BFC Chief Technical Advisor.

### **BACKGROUND OF STRENGTHENING THE SCOPE AND CAPACITIES OF BETTER FACTORIES CAMBODIA AND EXPANSION INTO FOOTWEAR PROJECTS**

In the years leading up to the creation of the BFC concept, decades of civil strife had damaged much of Cambodia's physical, governmental and social infrastructure. Private sector growth in Cambodia, which was considered a critical factor in job creation and

poverty reduction, was driven by the export performance of the garment sector. This performance was enhanced by the US-Cambodia Trade Agreement on Textile and Apparel, signed in 1999 which was later extended until December 2004, and by the Multi-Fibre Arrangement (MFA) and its successor, WTO Agreement on Textiles and Clothing (ATC)<sup>15</sup>. The agreement linked an increase in the quota for garments produced in Cambodia for export to the United States to demonstrated improvements in working conditions in Cambodian garment factories, based on compliance with core international labor standards and Cambodian labor laws.

Following this agreement, the ILO was requested to design and execute a three-year technical assistance project to improve working conditions in the garment sector. The project which was referred to as the “ILO Garment Sector Working Conditions Improvement Project” commenced in January 2001 and was funded primarily by USDOL (\$1 million), with additional contributions from the Royal Government of Cambodia (\$200,000) and from the Garment Manufacturers Association of Cambodia (\$200,000), for a total amount of \$1.4 million. The concept combined an independent monitoring system with strengthening the capacity of factories, employers, workers and government officials to implement improvements in working conditions and to ensure compliance with international and national labor laws and standards. At its inception, it included the reporting of results of factory compliance or non-compliance with these standards by factory name in individual factory reports available for purchase by retail representatives, and publicly available “Synthesis” reports posted on the project website. This was a very unique and innovative concept at the time. The theory behind individual and public reporting was to allow reputation-sensitive garment industry buyers to make better informed *sourcing* choices from potential suppliers. An increase in buyers sourcing from compliant factories vs. the non-compliant ones would create downward pressure on the industry towards compliance.

The project was re-named *Better Factories Cambodia* and was extended for two more years until December 2005, with USDOL funds totaling \$2,675,000. This coincided with the end of the MFA and the quota system, which brought along with it an end to the link between quotas and the requirement for factory compliance with international and national labor standards. The project continued on despite the end of the MFA, and began receiving support from a variety of donors including the Australian Government (AusAID and USAID in addition to a long list of private and social partners, ensuring the further development and continuation of project activities until December 2008. It is important to note that USDOL did not provide funding for BFC from 2005 until 2010, and was no longer overseeing its implementation during those years.

In 2006, the ILO launched the program known as Better Work. Modeled after the principles underlying BFC of factory monitoring and public reporting Better Work also included another component that was viewed as a critical step linking these two components: the “remediation” of factories that requested assistance to improve areas of non-compliance.

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<sup>15</sup> The Multi-Fibre Arrangement (MFA) was instituted in 1961 under the General Agreement on Tariffs and Trade. In 1995, a phase-out to this system was proposed, the Agreement on Textiles and Clothing (ATC), which lasted until December 31, 2004. Many refer to the “end of the MFA” when speaking about the end of the ATC and the quota system overall.

Better Work also developed global tools in support of their projects, including the STAR system, which stands for Supply Chain Tracking of Assessments and Remediation. STAR is a web-based clearinghouse for data that is gathered from assessment and improvement activities of the Better Work program. Online, multilingual accessibility gives both enterprises and buyers a streamlined way to track performance and improvements on labor standards compliance.

In, 2008 ILAB was directed by Congressional appropriation to “implement model programs to address worker rights through technical assistance in countries with which the United States has trade preference programs...and directs that this activity be carried out through a cooperative agreement with an international organization that has experience in working to assure adherence to a set of core labor standards through work with governments, employers and labor organizations.” The appropriation language also specified that “a component of this new program should first be implemented in the Republic of Haiti, at a funding level of not less than \$1,000,000.” And further that “The program in Haiti will develop a system of monitoring and transparent public reporting on the adherence and enforcement of worker rights, based on the approach used in the successful International Labor Organization Garment Sector Working Conditions Improvement Project in Cambodia.”<sup>16</sup>

In 2010 ILAB was directed again by congressional appropriation to “address worker rights through technical assistance in countries with which the U.S. has trade preference programs” but did not name any particular countries. Since Cambodia is a U.S. Generalized System of Preferences (GSP) recipient country, it qualified for selection based on that criterion. Given this, and further reinforced by a desire on the part of the ILO to strengthen BFC and initiate BW programs in other countries, ILAB made the decision to select Cambodia as one of the BW countries to receive funding under a new Global BW Cooperative Agreement in a sole source award to the ILO.

## **PURPOSE, SCOPE AND AUDIENCE OF EVALUATION**

The purpose of this evaluation is to assess the progress to date on the DOL-funded ILO-implemented *Strengthening* which began implementation on January 2, 2012 and *Expanding* which began implementation three months later in March 2012. The effective end date for Strengthening is December 31, 2013; although the end date for Footwear is for February 2015, and its official mid-point would be in September-October 2013, DOL and BFC agreed that including Expansion into this mid-term would be more efficient.

The three objectives of Strengthening and for which DOL funding was provided are the following<sup>17</sup>: 1) to assure that program operations are fully maintained throughout the course of the transition from BFC processes and procedures to BW processes and procedures (the “technical alignment” with BW). This includes changes to BFC’s management structure, cost recovery strategies and relationship of the program

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<sup>16</sup> Consolidated Appropriations Act, 2008 (H.R. 2764; Public Law 110–161)

<sup>17</sup> See individual Prodocs for more complete information on the objectives.

with its partners. BFC will also undertake an internal review of its current internal processes with a view to its ability to use or adapt global BW tools. 2) To develop a joint vision for the future of BFC. BFC along with its program partners will build a future relationship based on a mutual trust of the BFC vision and capacity to provide quality services to the industry as it aligns more closely with BW processes and procedures, and 3) BFC services continue to be of high standard throughout the process.

USDOL has a particular interest in understanding the channels through which project strategies affect outcomes. This interest is implied in all questions concerning relevance, effectiveness, and sustainability listed in Section IV. It is understood that the evaluator may not be able to verify the exact contribution of the project to each observed outcome. However, the evaluator should take care when discussing "impacts" to describe the extent to which observed changes (or lack thereof) can be attributed to the DOL-funded interventions; the possible influence of outside forces (e.g., other projects or interventions, etc.); and the contribution of specific BFC activities and/or complementarities across them.

### **Scope**

The evaluation will be narrowly focused on the DOL-funded components rather than the broader BFC monitoring program but should include the perspectives of a wide range of stakeholders, such as government officials, manufacturer's associations, union federations, union leaders, workers, and members of the NGO community in Cambodia, employers' associations, factory owners and private sector actors.

### **Audience**

The primary audience of the report is USDOL/OTLA, the BFC team, the BW Global team program, the Royal Government of Cambodia and its relevant Ministries, the Garment Manufacturer's Association of Cambodia, Cambodian trade unions and federations, retail industry representatives, workers, employer organizations, and factory owners. Secondary audiences may include future grantees or NGO's, other DOL offices, other USG agencies, international trade union federations, academic institutions and the general public.

## **EVALUATION CRITERIA AND QUESTIONS**

### **Strengthening the Scope and Capacity of Better Factories Cambodia**

Assess the progress of the project's achievement of at least the first two immediate objectives as stated in the Prodoc and respond to the specific questions below. In responding to the questions also indicate whether, within the current implementing environment, the strategy remains valid, reasonable and achievable or whether circumstances external or internal to the project have changed to the extent that the strategy requires readjustment.

In addition, within the context of the questions please provide analysis on or direct perspectives (where appropriate) from BFC's stakeholders: individual workers and unions, employers and employer organizations, factory owners, industry

associations, buyers, and government.

### **Relevance**

1. Is the project design still relevant, given the current implementing environment?
2. Have there been any changes in internal or external circumstances that could require a readjustment of project strategies?

### **Progress and Effectiveness**

3. What is the status of the MOU or degree of compliance between the government of Cambodia and the ILO/Better Factories Cambodia Program? What is the significance of the MOU for the future of BFC? In what ways could its contents be modified to strengthen the outcomes?
4. In what ways has the BFC program become integrated into the local Cambodian context, particularly as it relates to long-term sustainability?
5. What progress has been made in the technical adaptation of BFC tools and processes to Better Work tools and processes? What is the predicted timeframe for full transition to Better Work quality control systems?
6. What improvements-to-date have occurred in quality of BFC services in the areas of workplace assessments, training, and advisory services?
7. Is the project monitoring plan practical, useful, and sufficient for measuring progress toward achieving project objectives? How is the gathered data used? How could it be used better?

### **Sustainability**

8. What is the probability that BFC could become financially self-sustainable and still serve the industry without sacrificing the quality of services?

### **Expansion of Better Factories Cambodia in the Footwear Industry**

Assess the progress of the project's achievement of at least the first two immediate objectives as stated in the Prodoc and respond to the specific questions below. In responding to the questions also indicate whether, within the current implementing environment, the strategy remains valid, reasonable and achievable or whether circumstances external or internal to the project have changed to the extent that the strategy requires readjustment.

In addition, within the context of the questions please provide analysis on or direct perspectives (where appropriate) from BFC's stakeholders: individual workers and

unions, employers and employer organizations, factory owners, industry associations, buyers, and government.

### **Relevance**

1. Is the project design still relevant, given the current implementing environment?
2. Have there been any changes in internal or external circumstances that could require a readjustment of project strategies?

### **Progress and Effectiveness**

3. Have the activities specified in Output 1.1 of the Prodoc been successfully completed? Why or why not? What progress has been made toward the implementation of activities under Output 1.2, "Assessment and advisory bundled services are piloted and further implemented"?
4. What is the project's current ability to address the critical need for improvement of OSH-related deficiencies within the piloted footwear factories?
5. What is the status of BFC's outreach to MoLVT Labor Inspectors with regard to collaboration, training, and prospects for future cooperation in the labor inspection system, as stated in activities under Immediate Objective 2, "Enhanced and modernized public labor inspection practices through improved law enforcement capacities"?
6. Is the project monitoring plan practical, useful, and sufficient for measuring progress toward achieving project objectives? How is the gathered data used? How could it be used better?

### **Sustainability**

7. What are the prospects for sustainability beyond the original donor funding, as the project scales up? Specifically, how might the project sustain (a) the quality of training provided for EAs, (b) the number of EAs necessary to complete these services, and (c) the assessments-advisory bundled services being offered given the total number of factories being monitored?

## **ROLES AND RESPONSIBILITIES**

The Evaluator is responsible for conducting the evaluation according to the terms of reference (TOR). S/he will:

- Review the TOR and provide input, as necessary
- Review project background documents
- Review the evaluation questions and refine the questions, as necessary

- Develop and implement an evaluation methodology (i.e., surveys, conduct interviews, review documents) to answer the evaluation questions, including a detailed discussion of constraints generated by the retrospective nature of this evaluation methodology and data collection and how those constraints could be avoided in future projects.
- Conduct Planning Meetings, as necessary, with USDOL and implementing organization
- Decide composition of field visit interviews to ensure objectivity of the evaluation
- Present verbally preliminary findings to project field staff and other stakeholders as determined in consultation with USDOL and the project
- Prepare an initial draft of the evaluation report and share with USDOL and Project
- Prepare final report

The USDOL Project Manager is responsible for:

- Drafting the initial TOR
- Finalizing the TOR with input from the implementer and the evaluator
- **REVIEWING PROPOSED EVALUATOR**
- Providing project background documents to the Evaluator (responsibility is shared with project staff)
- Obtaining country clearance
- Briefing project field staff on upcoming visit and work with them to ensure coordination and preparation for evaluator
- Reviewing and providing comments of the draft evaluation report
- Approving the final draft of the evaluation report
- **PARTICIPATING IN THE POST-TRIP DEBRIEFING**
- **INCLUDING USDOL EVALUATION CONTRACT COTR ON ALL COMMUNICATION WITH EVALUATOR(S)**

Implementing Organization is responsible for:

1. Reviewing the TOR and providing input, as necessary
2. Providing project background materials to the evaluator
3. Participating in any team planning meetings
4. Preparing a list of recommended interviewees
5. Scheduling all meetings for field visit and coordinating all logistical arrangements
6. Reviewing and providing comments on the draft evaluation report
7. Organizing and Participating in the stakeholder debrief
8. **INCLUDING USDOL PROGRAM OFFICE ON ALL COMMUNICATION WITH USDOL PROJECT MANAGER AND/OR EVALUATOR**

## EVALUATION METHODS

Performance shall be assessed in terms of six criteria: relevance and project progress and effectiveness and sustainability of the project.

The evaluation shall draw on six methods: 1) review of documents, 2) review of operating and financial data, 3) interviews with key informants, 4) field visits, 5) a stakeholder debrief in-country, and 6) a post-trip meeting.

1. **Document Review:** The evaluator will review the following documents before conducting any interviews or trips in the region.
  - The Project Document
  - Quarterly Progress Reports
  - Reports on specific project activities
  - Training materials
  - Reports of trips, field visits, meetings, needs assessments and other reports
  - Strategic Framework, PMP, & performance indicators
  - Work plans
  - Any other relevant documents
2. **Interviews with key informants:** Interviews are to be conducted with key program stakeholders (by phone or in-person) including (but not limited to):
3. **Field work in Cambodia:**
4. **Stakeholder debrief in Field:**
5. **Post Trip Debrief & Meeting:**

## DURATION AND MILESTONES OF EVALUATION

Activity	Date	Products/Comments
Prepare TOR	July 8-12	Draft TOR
Pre-meeting with USDOL (update)	Sept. 6	By phone
Preparation: Doc reviews, methodology, data collection instruments	Sept. 1-6	-Final eval. questions -Methodology section -Instruments
Fieldwork in/around Phnom Penh	Sept. 16-27	
Debrief / exit meeting with project staff	Sept. 27	Power Point Presentation (talking points)
Present initial findings at stakeholder debrief	Oct. 2	USDOL Program Representative
Analysis and report writing	Sept. 30-Oct. 13	
Send first draft report	Oct. 14	Draft Report 1
Revise draft based on 24 hour review	Oct. 15	
Send second draft report, begin 1-week review process	Oct. 16-23	Draft Report 2
Revise second draft report based on comments	Oct. 24-26	
Send final report	Oct. 27	2 days to finalize and send



## **DELIVERABLES**

- A. Finalized TOR with DOL and BFC consensus, by July 19.
- B. Method to be used during field visit, including itinerary, by Sept. 6.
- C. Pre-trip meeting / phone call, by July 19.
- D. Stakeholder debriefing (including slides of initial findings), by Sept. 27.
- E. Debrief call, by Oct. 2.
- D. First Draft Report by Oct. 14.
- E. Second Draft Report by Oct. 15
- F. Final Report to USDOL and BFC by Oct. 27 in accordance with the contract.

## **REPORT**

The evaluator will complete a draft report of the evaluation following the outline below and will share it with the USDOL COTR, USDOL Project Manager(s), and implementing organization who will review the report. USDOL and the implementing organization will have one week (five business days) to provide comments on the draft report. The evaluator will produce a re-draft incorporating the USDOL and implementing organization comments where appropriate, and provide a final version within three days of having received final comments.

The final version of the report will follow the format below (page lengths by section illustrative only) and be no more than 30 pages in length, excluding the annexes:

### **Report**

1. Title page (1)
2. Table of Contents (1)
3. Acronyms (1)
4. Executive Summary (2)
5. Background and Project Description (1-2)
6. Purpose of Evaluation (1)
7. Evaluation Methodology (1)
8. Project Status (1)
9. Findings, Conclusions, and Recommendations (no more than 20 pages)  
This section should be organized around the TOR key issues and include findings, conclusions and recommendations for each.

## Annexes

1. Terms of reference
2. Strategic Framework
3. Project PMP and data table
4. Project Workplan
5. List of Meetings and Interviews
6. Any other relevant documents

## ANNEX B: INTERVIEW SCHEDULE

### MID-TERM EVALUATION INTERVIEW SCHEDULE AND FIELD VISITS SEPTEMBER 16-27, 2013

Date/Time	BFC Partner	Meeting Venue	Participant
<b>Monday 16 September 2013</b>			
9:00 - 12:00 AM	BFC Management Team	BFC Office, Resource Center	Ms. Jill Tucker, MT members
Afternoon	BFC Monitoring Heads BFC Training/Advisory Head BFC Finance & Admin Head	BFC Office	Ms. Pichmalika Yim Mr. Sophal Chea Mr. Dara Nov Mr. Sokheng Ros
<b>Tuesday 17 September 2013</b>			
9:00 - 10:00 AM	MoLVT	H.E. Office	H.E. Sat Samoth PAC Chairman
10:00 - 11:00 AM	MoLVT	MoLVT	Dr. Leng Tong, DOSH Dept, MoLVT
2:00 - 3:00 PM	GMAC	GMAC Office	Mr. Ken Loo Secretary General, GMAC
			Lay Sok Heng, Admin Offer
4:00 - 5:00 PM	Arbitration Council Foundation	No. 72, St. 592, Corner of St. 327, Sangkat Boeung Kak II, Khan Toul Kork, Phnom Penh	Mr. Sok Lor, Executive Director
<b>Wednesday 18 September 2013</b>			
9:00 - 10:00 AM	G-Foremost (Cambodia) Co., Ltd (Footwear)	Sangkat Kombol, Khan Posenchey, Phnom Penh	Andy Chen, Factory Manager
		Contact Email: andychen@trivict.com , techour@aikhong.com.kh	On Sam Ol, Admin Supervisor
1:30-2:30 PM. China Standard Time		Glenna, Skype Call	

3:00 - 4:00 PM	Tripos International (Cambodia) Co., Ltd (Footwear)	Phum Chrok Romiet, Khum Chhouksor, Srok Kampong Tralach, Kampong Chhnang Province (About 2.5 hrs drive from PP)	Karen Huang, HR Manager (011 796 360)
<b>Thursday 19 September 2013</b>			
9:00 - 10:00 AM	MoC (023 866 478)	H.E. Office	H.E. Sok Sopheak (012 992 035)
		H.E. Office	H.E. Mean Sophea
2:00 - 3:00 PM	Cambodia Labour Confederation	#2-3G, St.26BT, Boeung Tompon, Khan Meanchey, Phnom Penh	Ath Thorn, President
4:00 - 5:00 PM	American Center for International Labor Solidarity	# 06 Street 580 , Sangkat Bueong Kok 2 , Khan Toul Kork , Phnom Penh 023 881 202	Mr. David Welsh, Country Director RESCHEDULED for Oct. 6, 2013 in Bangkok
<b>Friday 20 September 2013</b>			
9:00 - 10:00 AM	H & M	H & M's Office	Mr. Basirun Nabi
10:00 - 11:00 AM CANCELLED	Marks & Spencer	Marks & Spencer's Office	Ms. Jane Ashdown
11:00 - 12:00 AM	BFC Monitors	BFC Office	Heng Vouthy, Ork Sam Ol, Ly Somana, Teang Boran, and Cheng Ty
2:00 - 4:00 PM	PAC Unions	BFC Office	Yang Sophorn, FTU WKC Morn Nimh, NIFTUC Som Aun, CLUF Oum Visal, CLC
<b>Sunday 22 September 2013</b>			
9:00 - 11:00 AM	Experts by Experience Radio Competition Winner Fire Safety Competition Winner Other workers	BFC Office	1. Kit Sopheak 2. Khy Sreyrath 3. Ms Phat Sinoun 4. Ms Chim Narin 5. Mr Phim Samrong 6. Ms Long Kalyan 7. Mr Kim 8. Mr Thy Phalla: 9. Ms. Soun Sophann
<b>Monday 23 September 2013</b>			

9:00 - 10:00 AM	US Embassy	#1, Street 96, Sangkat Wat Phnom, Khan Daun Penh, Phnom Penh	Mr. Dustin Dockiewicz Labor Attache
Lunch Break			
2:00 - 3:00 PM	In Kyung Cambodia Co., Ltd. (Garments, Advisory)	Chamkar Ovleuk Village, Sangkat Kakab, Khan Dangkor, Phnom Penh	Mr. Kim Ho Seouk, Director
		Contact Person: marvin.nisperos@yahoo.com	Mr. Marvin , Compliance Manager.
4:00 - 5:00 PM	Reliable Source Industrial (Cambodia) Co., Ltd (Garments, Advisory)	Phum Kbal Domrey, Sangkat Kakab, Khan Dangkor, Phnom Penh.	Mr. Alex Yang, Factory Director
		Contact Person: priengtechseng@rsiapparel.com	Mr. Prieng Tech Seng, Compliance Officer.
Tuesday 24 September 2013 (Constitution Day)			
9:00 AM	BFC Advisory Team		
3:00 - 4:00 PM	Grand Twins International (Cambodia) Plc.	Phum Trapaing Por, Sangkat Chom Chao, Khan Dangkor, Phnom Penh	Mr. Vouthy, Admin Manager. Ms. Sreileak, Compliant Officer
Wednesday 25 September 2013			
8:00 AM 9:00 AM	Gap BW	Skype Call	Mr. Sean Jung Ms. Tara Ranjaragan
11 AM	Factory Advisors	Observation of Air Monitoring at Footwear Factory	
1:00 - 2:00 PM	GDM ( Cambodia )( Branch 2 ). (Garments, Advisory customized child labor program)	Street 371, Tomnob Thmey, Russey Village, Stoeung Meanchey	Mr. Sing Sithun, HR manager
		Contact Person: j.da@gdm-kh.com	Mr. Liang Jiada, Assistant Admin.
4:00 PM	IFC	Skype Call	Ms. Eleonore Richardson
Thursday 26 September 2013			
1:00 PM	BW	Skype Call	Mr. Conor Boyle
Friday 27 September 2013			
10 AM	BFC Staff	Evaluation Debrief	

## ANNEX C: INTERVIEW GUIDE

### Mid-term Evaluation of Better Factories Cambodia Strengthening and Expansion Projects

#### Master Interview Guide – Strengthening Project

Interview Questions	Data Sources
<b>Relevance</b>	
1. What are the key steps that the BFC program is taking to align its strategies with the BW Global program? 2. Do you think this alignment is appropriate, given the current labor environment in the Cambodian garment industry? Why or why not? What are some of the labor issues facing the Cambodian garment industry?	- ProDoc - Synthesis Reports - TPRs - BFC staff - BW regional&global staff
3. What are some of the internal or external circumstances in the last 2 years that have required or will require a readjustment of BFC project strategies?	- TPRs - Synthesis Reports - PAC minutes - BFC staff - GMAC - MoLVT - MoC - Buyers - Trade unions
<b>Project Progress &amp; Effectiveness</b>	
4. The current MOU, ending in Dec. 2013, between the tripartite sectors and the ILO outlines the purpose of the BFC program along with the commitment of the tripartite stakeholders to support and sustain its services. 5. How have each of the participating parties honored or not honored this agreement? 6. What changes should be made in the new MOU that will carry the project through 2016?	- MOU - TPRs - Synthesis Reports - PAC minutes - BFC staff - GMAC - MoLVT - MoC - Buyers - Trade Unions
7. In what ways has the BFC program become integrated into the local Cambodian context? 8. Are there any concerns with fully integrating the BFC program into the garment monitoring and advisory process? 9. Will any changes have to occur before there is full buy-in and ownership by the tripartite stakeholders?	- MOU - TPRs - Synthesis Reports - Supporting documents - BFC staff - GMAC - MoLVT - MoC - Buyers - Trade Unions
10. Describe the progress toward adapting the BFC tools and process for those of Better Work. 11. What barriers or challenges have been encountered along the way? 12. Will the goal of adapting these tools and processes by the end of the year be met? Evidence?	- TPRs - Supporting documents - BFC staff - BW regional staff

13. Can you describe any improvements over the last 2 years in BFC's services (workplace assessments, training and advisory services)? 14. Do you have any specific recommendations for further improving these services?	<ul style="list-style-type: none"> <li>- TPRs</li> <li>- Evidence of improvements</li> <li>- Workers and Supervisors at factories</li> <li>- BFC staff</li> <li>- GMAC</li> <li>- MoLVT</li> <li>- MoC</li> <li>- Buyers</li> <li>- Trade Unions</li> </ul>
<b>Performance Monitoring</b>	
15. Is the "Indicator Compilation" the project's tracking table? How is the data used? 16. How do you conduct ongoing monitoring to reveal whether the desired results are being achieved and whether implementation is on track? 17. Do you have any recommendations for creating a more useful monitoring system?	<ul style="list-style-type: none"> <li>- BFC workplan and logframe</li> <li>- BFC staff</li> </ul>
<b>Sustainability</b>	
18. What changes may have to occur in the current BFC program services in order to achieve greater financial sustainability? Will the project be able to maintain the quality of its current services or EAs?	<ul style="list-style-type: none"> <li>- donor/non-donor income charts</li> <li>- viability plan</li> <li>- budgeting chart</li> <li>- BFC CTA</li> <li>- BFC Finance Head</li> <li>- GMAC</li> <li>- MoC</li> </ul>

### Master Interview Guide – Expansion Project

Interview Questions	Data Sources
<b>Relevance</b>	
1. What are some of the key activities/strategies that the BFC project is using in order to expand its assessment and advisory services into the footwear industry? 2. Do you think these activities/strategies are appropriate, given the current labor environment in the Cambodian footwear industry? Why or why not? What are some of the labor issues facing the footwear industry? 3. The project design also had a special emphasis on strengthening MoLVT labor inspection practices. Is this emphasis still relevant? Why or why not?	<ul style="list-style-type: none"> <li>- ProDoc</li> <li>- Synthesis Reports</li> <li>- TPRs</li> <li>- BFC staff</li> <li>- BW regional&amp;global staff</li> </ul>
4. Based on the first year's needs assessment and pilot study, are there any changes that should be made to the Expansion project strategies based on internal or external circumstances? How was this determined?	<ul style="list-style-type: none"> <li>- TPRs</li> <li>- Synthesis Reports</li> <li>- PAC minutes</li> <li>- BFC staff</li> <li>- GMAC</li> <li>- MoLVT</li> <li>- MoC</li> <li>- Buyers</li> </ul>

	- Trade unions
<b>Project Progress &amp; Effectiveness</b>	
5. What kind of strategic plan was developed to expand BFC services into the footwear industry? Has this been modified? 6. What specific outreach to employers, buyers, government, other has been done to share the results of the footwear pilot project as well as other labor issues (i.e. OSH) within the footwear industry? 7. Has the footwear industry's interest in bundled services met BFC's expectations? Why or why not? 8. Has the BFC program been able to keep pace with the demand?	- MOU - TPRs - Synthesis Reports - PAC minutes  - BFC staff - GMAC - MoLVT - MoC - Buyers - Trade Unions
9. In what ways has the BFC program strengthened its ability to address OSH-related problems, i.e. chemical safety, within the footwear factories? What deficiencies remain? 10. What are the plans to further build the capacity of BFC monitors with regard to OSH?	- TPRs - Synthesis Reports - PAC minutes  - BFC staff - MoLVT - Trade Unions
11. What progress has been made with the MoLVT with respect to the following: a) capacity building on OSH issues (fire, chemical safety, etc.) in footwear (and garment?) industry – how has the training been used to strengthen inspection of OSH issues?  b) inspection of non-compliant factories – has there been any action on the part of MoLVT to inspect these factories?	- TPRs - Synthesis Reports - PAC minutes  - BFC staff - MoLVT - Trade Unions
<b>Performance Monitoring</b>	
12. How is the data compiled in the workplan and logframe used? 13. How do you conduct ongoing monitoring to reveal whether the desired results are being achieved and whether implementation is on track? 14. Do you have any recommendations for creating a more useful monitoring system?	- BFC workplan and logframe  - BFC management team
<b>Sustainability</b>	
15. As BFC is still 40% donor dependent and the project intends to scale up without so much donor dependence, how will the project sustain: (a) the quality of training provided for EAs, (b) the number of EAs necessary to complete these services, and (c) the assessment-advisory bundled services being offered given the total number of factories being monitored?	- donor/non-donor income charts - viability plan - budgeting chart  - BFC management team



## **ANNEX D: LIST OF DOCUMENTS REVIEWED**

### **I. ILO Documents:**

1. Project Document: “Strengthening the Scope & Capacities of Better Factories Cambodia,” January 2012
2. Project Document: “Expansion of Better Factories Cambodia,” March 2012
3. Project Work Plan, 2013
4. ILO-IFC Better Work Programme Technical Progress Reports (TPR):
  - From 01/07/2011 to 31/12/ 2011
  - From 01/01/2012 to 31/03/2012
  - From 01/04/2012 to 30/06/2012
  - From 01/07/2012 to 31/12/ 2011
  - From 01/10/2012 to 31/12/2012
  - From 01/01/2013 to 31/03/2013
  - From 01/04/2013 to 30/06/2013

### **II. BFC individual sources: Synthesis Reports, Fact Sheets, Advocacy and Information materials:**

1. “Twenty-Eighth Synthesis Report on Working Conditions in Cambodia’s Working Sector,” 20 June 2012
2. “Twenty-ninth Synthesis Report on Working Conditions in Cambodia’s Working Sector,” 11 April, 2013
3. “Thirtieth Synthesis Report on Working Conditions in Cambodia’s Working Sector,” 18 July 2013
4. BFC workplan, July 2013
5. Better Work Core Services Viability Plan, November 2012
6. Air Testing Summary Report, 2012
7. “Footwear Pilot Program Better Factories Cambodia,” 2012
8. Cooperative agreement between ILO and BFC, December 2010 – December 2015
9. Information Management System assessment form, as of 13 February, 2009
10. Global Improvements Action Plan, 24 January, 2013
11. GMAC strike data
12. Data on funding from donors and non-donors, 2009-2013
13. Data on monitors’ reports, 2012-2013
14. Data on BFC’s projected growth, 2013-2016
15. FCC Smart Audit: pros and cons
16. Letter from BFC to Senior Minister of Commerce regarding garment factories’ violation of Cambodian labor law, 16 January 2013.
17. BFC Public Disclosure Fact Sheet, July 2013

### **III. Royal Kingdom of Cambodia documents:**

1. Circular on the implementation of the ILO’s Better Factories Cambodia Project in the Cambodian Textile and Apparel Sector, 2005
2. Prakas:

- Prakas No. 3896: Sub-contract management in garment and textile industry, 5 September, 2011
- Inter-ministerial prakas on sub-contract management in garment, textile and footwear industry, 27 June, 2011
- Prakas No. 176/13: OSH induction for workers, senior staff and trade unions

**IV. PAC Minutes, 12 June 2012, 3 April, 2013, 7 July, 2013**

**V. Memorandum of Understanding between Royal Government of Cambodia, GMAC, ILO and BFC, Jan. 2011-Dec. 2013**

**VI. Media Reports:**

1. “Monitor, GMAC at Odds Over Plan,” Daniel de Carteret and May Kunmakara, *The Phnom Penh Post*, October 2, 2013
2. “Cambodian Garment Factories Come Under Scrutiny,” Kate O’Keefe, *The Wall Street Journal*, 23 September, 2013
3. “GMAC Urges Factories to Resist New Monitoring,” Matt Blombery, *The Cambodia Daily*, 1 October, 2013
4. “Cambodia’s Dangerous Transparency Problem,” Jill Tucker, *The Wall Street Journal*, 23 September 2013
5. “Labor Monitor to Name Factories,” Daniel de Carteret, *The Phnom Penh Post*, 24 September, 2013
6. Press Release: “ILO-BFC Returns to Public Disclosure of Assessment Findings,” 23 September, 2013

**VII. Other Reports/Documents:**

1. International Human Rights and Conflict Resolution Clinic, Stanford School of Law, and Worker Rights Consortium, “Monitoring in the Dark: An Evaluation of ILO’s BFC Monitoring and Reporting Program,” February 2013
2. ILO, “Independent Evaluation of ILO Better Factories Cambodia Program,” March 2013
3. USDOL, *Management Procedures and Guidelines of USDOL-ILO Cooperative Agreements*, Washington D.C., 2010

**ANNEX E: LIST OF PERSONS INTERVIEWED**

## ANNEX F: PROJECT LOGICAL FRAMEWORK – STRENGTHENING PROJECT

Development Objective: BFC programme will achieve sustainability with continuous technical assistance provided by the ILO during a critical transitional phase.		
IMMEDIATE OBJECTIVES	OUTPUTS	ACTIVITIES
<p>I.O. #1</p> <p>Strategy for BFC's technical alignment with BW programme developed.</p>	<p>1.1.</p> <p>An internal assessment will be conducted by BW/BFC to identify opportunities and challenges in technical alignment process.</p>	1.1.1. An ILO CTA and operations manager will be recruited to lead the programme and BFC's technical alignment with BW.
		1.1.2. Terms of references for BFC programme assessment will be developed and review team selected.
		1.1.3. Assessment findings will be validated and technical alignment strategy developed.
	<p>1.2.</p> <p>A review of BFC financial status in the past 4 years will be conducted, a new financial management and business plan developed and new financial management model tested.</p>	1.2.1. Income reports, project budgets and other relevant finance documents of the programme will be reviewed.
		1.2.2. Strategic financial sustainability plan will be developed and validated by programme partners.
		1.2.3. BW financial pilot will be tested in Cambodia allowing for the use of private-sector style financial management system.
<p>I.O. #2</p> <p>A joint vision for the future of BFC by the</p>	<p>1.3.</p> <p>A time bound strategic plan for BFC's technical alignment will be adopted.</p>	1.3.1. The project manager will consolidate the outcomes of programme assessment and financial review, and subsequently develop a step-by-step strategic plan to be consulted with programme stakeholders.
	<p>2.1.</p> <p>Local stakeholders' support to the BFC will be</p>	2.1.1. PAC term as well as current BFC MOU with key stakeholders concerning financial arrangements will be extended to cover 2011-2013.

programme partners is built.	maintained.	2.1.2. Individual stakeholder consultations will be carried out with PAC retreat to create a joint vision in the future operations of BFC.
	2.2.  Liaison with international buyers will be strengthened.	2.2.1. A survey on buyers' needs and expectations related to future BFC operations will be conducted.
		2.2.2. Buyer and manufacturer outreach process will be revisited.
		2.2.3. Fast-track action capacity of the programme will be further developed.
		2.2.4. Manufacturer orientations on the BFC's technical alignment to BW as well as its future operations will be carried out.
I.O. #3  BFC services continue to be of high standard, and when relevant, are aligned with BW services.	3.1.  A quality assurance system developed together with BW.	3.1.1. BFC/BW technical and other relevant alignment plans will be developed and revised periodically.
		3.1.2. BFC/BW joint capacity building and training plans will be developed.
		3.1.3. BW Quality Assurance System, feedback mechanisms and implementation modality will be finalized.
	3.2.  Targeted products and services developed and tested.	3.2.1. New relevant training services will be developed and launched (possibly in the footwear industry and for capacity building of labour inspectors).
		3.2.2. New training services will be developed and launched in the areas of environment and energy efficiency.
		3.2.3. New training services will be developed in the area of life skills.

		3.2.4. Advisory services and training plan will be developed and consulted with programme partners.
		3.2.5. Training impact evaluation process will be developed and operated with results disseminated to industry members.

## ANNEX G: PROJECT LOGICAL FRAMEWORK – EXPANSION PROJECT

Project Structure	Indicators	Means of Verification (MoV)
<b>Development Objective: Greater financial sustainability of BFC and increased institutional sustainability of stakeholders through expansion of BFC's improved approaches into a new industry, and by building up national law enforcement agencies' capacity in promoting labor standards compliance.</b>		
<b>Immediate Objective 1: Improved Labor compliance and increased enterprise competitiveness of the footwear industry in Cambodia.</b>	Number of enterprises that show progress in assessment cycle. Percentage of increase in compliance rate.	Tracked evidence in regular assessment reporting (STAR) system. BFC M&E research reports and synthesis reports
<b>Output 1.1 A portfolio that includes expansion feasibility, management structure, communication, and other relevant strategies and plans necessary for preparing the expansion is developed.</b>	<ul style="list-style-type: none"> <li>• Number of preparatory studies, outreach and work plans and strategies with a gender sensitive approach developed and endorsed by BW/BFC.</li> <li>• Number and quality of communication material with gender sensitive approach developed and disseminated.</li> <li>• A tool (CAT) containing gender questions adapted to the footwear industry.</li> <li>• Number of buyers in dialogue with BFC.</li> </ul>	Project documentation, project products, meeting and forum records, quarterly technical progress reports, updated work plans.
1.1.1. Review BFC's capacity to expand to the footwear sector based on existing information on the footwear industry, BFC services and other existing services.		
1.1.2. Establish a capacity building plan for the BFC expansion to the footwear industry.		
1.1.3. Recruit a consultant to manage internal and external capacity building with an aim to develop a specific service component for the BFC to cover the footwear industry.		
1.1.4. Hold a meeting to establish a dialogue with footwear industry partners and potential collaborative agencies for provision of services to the footwear industry in Cambodia.		
1.1.5. Develop, together with the industry and in collaboration with international buyers and the BW program, a service delivery and outreach work plan for BFC's expansion to cover the footwear industry.		
1.1.6. Develop workers and employers outreach and communication material on footwear industry specific working condition issues with a particular focus on chemical management and workers health and safety.		
1.1.7. Develop BFC service marketing material adapting to the specificities of the		

Project Structure	Indicators	Means of Verification (MoV)
footwear industry in Cambodia.		
<b>Output 1.2. Assessment and advisory bundled services are piloted and further implemented.</b>	<ul style="list-style-type: none"> <li>• Number of factories piloting BFC services (4-8 in the piloting phase).</li> <li>• A review of consolidated experience.</li> <li>• Number of (women) monitors/EAs trained in delivering quality services.</li> <li>• A service model developed.</li> <li>• Number of factories participating BFC (15 - 20 end of 2<sup>nd</sup> year).</li> <li>• Number and quality of gender sensitive training material developed.</li> <li>• Number of buyers engaged.</li> <li>• Number of reports made accessible to buyers.</li> <li>• Level of satisfaction by services users.</li> </ul>	<p>Factory registration tracking sheet, income reports, training portfolio, survey and study results, seminar and meeting records.</p> <p>Tracked reports in STAR system, buyers' registration sheet, project publications on website, and progress (technical and financial) reports.</p>
1.2.1. Test footwear industry specific service components as established in output 1.1 in selected footwear factories in collaboration with industry partners.		
1.2.2. Review experiences through industry capacity building seminars.		
1.2.3. Integrate learning to general BFC service delivery models, review assumptions on most cost effective delivery mechanism and revise as necessary.		
1.2.4. Based on experience outcomes from the pilot phase, adjust material and services and select most feasible service model.		
1.2.5. Coordinate and share learning with BW Global and country programs.		
<b>Immediate Objective 2: Enhanced and modernized public labor inspection practices through improved labor law enforcement capacities.</b>	Structural and organizational changes in Cambodian labor inspection system <sup>18</sup> .	Meeting minutes, training and evaluation reports, ILO mission reports, documented BFC-Government communication, progress reports.
<b>Output 2.1. Capacity building and training are provided to the Government to strengthen its capacity to govern the labor inspection system.</b>	<ul style="list-style-type: none"> <li>• A Strategic Review of Cambodian labor inspection system.</li> <li>• A national training action plan containing gender promotion consideration assisted by BFC and ILO experts.</li> <li>• An impact assessment carried out with assistance of BFC and ILO experts.</li> </ul>	Project documentation, ILO experts' mission reports, training records et evaluations,
2.1.1. Following previous needs assessment carried out by ILO labor inspection experts, BFC will assist the MoLVT in its strategic review of the labor inspection system, in particular at an organizational level.		
2.1.2. Based on the strategic review of the labor inspection structure, BFC will assist the Ministry in developing a capacity building and national training action plan.		

<sup>18</sup> A complete set of more detailed indicators will be developed by BFC in close consultation with ILO LAB/ADMIN experts within one month from the start of project implementation.



Project Structure	Indicators	Means of Verification (MoV)
2.1.3. Help the Ministry to conduct impact assessment and to report annually on labor inspection work and achievements, including challenges and opportunities.	<ul style="list-style-type: none"> <li>• Number of trainings and (women) inspectors trained.</li> </ul>	
<b>Output 2.2. Improved health and safety inspection capacity of the Government with special attention to chemical safety.</b>	<ul style="list-style-type: none"> <li>• Number and frequency of meetings with OSH inspectors.</li> <li>• Number and quality of training modules (including gender promotion module) developed.</li> <li>• Number of investigative actions and measures taken by DOSH with BFC's assistance.</li> <li>• Number of (women) OSH inspectors trained.</li> </ul>	Project documentation of studies, training portfolio, government reports.
2.2.1 BFC will provide capacity building in response to the training needs identified by the DOSH in improving OSH inspectors' capacity to better play their roles in conducting technical inspection on industrial hygiene including chemical safety, level of lighting, noise, dust, vibration and other harmful physical hazards.		
2.2.2 Conduct regular meetings between BFC monitors and OSH inspectors in order to exchange concepts and information.		
2.2.3 Adapt existing training material in relevant areas, developed by both BFC and other ILO departments, to the Cambodian context and DOSH's needs. This will include assisting DOSH in designing training modules, updating and implementing internal training program with a particular focus on chemical safety.		
2.2.4 Assist DOSH and other relevant Government offices to strengthen their rapid action and investigation capacity concerning health and safety related incidents (such as fire and chemical safety).		
2.2.5 Assist DOSH to record, follow up and act upon OSH inspection findings and reports.		
<b>Output 2.3. Capacity of the Government is reinforced in order to address social compliance issues in subcontracting arrangements.</b>	<ul style="list-style-type: none"> <li>• Number of sub-contractors tracked and participating in the program.</li> <li>• Number and type of BFC-inspectors joint activities.</li> <li>• Number of seminars/workshops (with inclusion of gender issues on the agendas).</li> </ul>	Project studies, meeting records, government reports, factory registration, track sheet, regular assessment reports, work plans and technical/ financial progress reports,
2.3.1 Establish regular information and experience sharing with the mandated governmental agencies regarding labor law compliance situation of sub-contractors.		
2.3.2 Together with industry partners, assist the mandated governmental agencies in tracking sub-contractors and subsequently encouraging them to be integrated into a transparent production chain.		

Project Structure	Indicators	Means of Verification (MoV)
2.3.3 Hold workshops and seminars with the mandated governmental agencies to discuss challenges and explore potential opportunities of joint actions and collaboration.		
<b>Output 2.4. The Government's capacity to carry out awareness-raising campaigns is strengthened with a view to increasing employers and workers understanding of labor law.</b>	<ul style="list-style-type: none"> <li>• Activities carried out by MoLVT with assistance from BFC that build awareness of the labor law and OSH issues.</li> </ul>	Project documentation, training evaluation reports, government reports, project progress reports, project products.
2.4.1 Help strengthen the capacity of the MoLVT to outreach towards workers and employers on the content, coverage and practical application of the labor law through twice a year annual campaigns: one on OSH and another selected topic.	<ul style="list-style-type: none"> <li>• Number of trainings provided to the MoLVT (women) officials and their feedback.</li> </ul>	

## **ANNEX H: PROJECT WORKPLAN (EXCEL DOCUMENT)**